The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Jap Military Threaten "The Review" Over "New Life" Editorial

ARTICLES IN THIS ISSUE

Union Club of China Brings Joy at the Finish

Japanese Profoundly Suspicious of Visit of British Economic Expert

U. S. Commerce Department Tightens Regulations of China Trade Act

Japan Presses China to Sign Secret Agreement for "Economic Cooperation"

Important Political Developments Expected to Follow Chiang-Wang Meeting in Nanking

Generalissimo Chiang Kai-shek's Appeal for Flood Relief and Economic Reconstruction

Japanese Military Threaten Action Over "Review's" Report on New Life Case

Japanese Plans for Exploiting North China

(By the Review's Tientsin Correspondent)

Who Will Be the Next President of the Executive Yuan? . . . . . By Paul K. Whang

"Sino-Japanese Economic Collaboration" in the Preliminary Stage . . . . . By Lee I.

Some Impressions of the "New Life Magazine" Case . . . . . By C. Y. W. Meng

SATURDAY, AUGUST 24, 1935 VOLUME 73, NUMBER 13

FORTY CENTS A COPY

73-469

LET THE
ELECTRIC REFRIGERATOR
BE THE
GUARDSMAN of
your HEALTH

POISONOUS MOLD AND BACTERIA GROW IN A TEMPERATURE ABOVE 50° F, 10° CENT. SAFEGUARD YOURSELF AND FAMILY—INVEST IN AN ELECTRIC REFRIGERATOR.—TEMPERATURE AUTOMATICALLY CONTROLED.

SMALL DOWN PAYMENT AND EASY TERMS

SHANGHAI POWER COMPANY

Head Office, 95 Nanking Road Tel. 11010

Clear, life-like pictures
with this FAST-ACTING *Film*

When you have Kodak Verichrome Film in your camera, you're ready to take clear, vivid snapshots that it will be a joy to have. This double-coated, fast-acting film gives pictures of extraordinary brilliance. Gets the detail...on dark days or fine... On the next call at your Kodak dealer's, ask for Verichrome, the new film in the yellow box with the checkered stripes.
You will find that it makes pictures you heretofore have thought were next to impossible.

Kodak VERICHROME *Film*

EASTMAN KODAK COMPANY
185 YUEN MING YUEN ROAD, SHANGHAI

73-470

READ

"THE CHINESE REPUBLIC"

Edward Bing-Shuey Lee, Editor

SPECIAL FEATURES

1. Review of World Events
2. Survey of the Week's News in China
3. The Mis-Republic
4. What China Has
5. Chinese Leaders' Views

OTHER FEATURES

1. Editorials
2. Special Articles on Economic Development, Foreign Affairs, Current Topics and Specialized Subjects
3. Reconstruction
4. Chinese Press Opinion
5. Foreign Press Opinion
6. Documentary Data
7. Book Reviews

20 Cents per Copy

$7.00 Mex. per year (domestic)
$16.00 Mex. per year (foreign)

Business and Editorial Offices,
150 Kiukiang Road, Shanghai.

THE NEW CHINA

North China's Only Journal of Opinion

Chronicling the March of New China

Twenty Cents per copy - Two Dollars per year

Abroad Mex. $3 :20 per year including postage

Send Your Order to the Following Address

THE NEW CHINA PUBLISHING ASSOCIATION

66 Kan Mien Hutung, Hatamen St.,
Peiping.

A.B.C. PRESS, SHANGHAI
Printing
in all its Branches

Your work
should bear
our imprint

The National City Bank of New York, Rates of Exchange

Shanghai, August 21, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 2.74
Demand buying rate on America:	U.S.$1.00=Sh. $ 2.68
Demand selling rate on London:	£1.0.0=Sh. $13.66
Demand buying rate on London:	£1.0.0=Sh. $13.38

Latest New York Stock Exchange Quotations

August 21, 1935
Stock Exchange – Business Done:-
Total Volume: 1,930,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale Aug. 19	Last Sale Aug. 20
11⅞	4⅜	—	Adams Express	8½	8½
146	90¼	4.00	American Can	139	139
23¼	14⅝	0.40	Amer. Cyanamid "B"	22¼	22½
13⅜	2	—	American & For. Power	8⅛	8½
41	11¾	—	American & Foreign Pwr. $7 pref.	38	39
18½	10	—	American Radiator & S.S.	18⅛	17⅝
140⅞	99¼	9.00	American Tel. & Tel.	140	137½
100½	67	5.00	American Tobacco "B"	100⅝	99¾
27⅝	7¼	—	American Waterworks	16½	17
18⅝	8	—	Anaconda Copper	18⅜	19⅝
73¾	36⅜	2.00	Atchison, T. & S. Fe	51½	51¼
57⅝	16	—	Auburn	33¾	34¾
34½	7⅞	—	Baltimore & Ohio	15⅝	16¼
49½	22½	—	Bethlehem Steel	35⅝	36¼
11⅞	6⅛	—	Boeing Airplane Co.,	11⅜	11⅝
49⅝	16⅛	1.50	Borg Warner	45½	46
18¼	9¾	—	Canadian Pacific Railway	10¾	10¾
88¾	35	—	Case, J. I.	65½	65½
54⅞	23	1.00	Caterpillar Tr.	52⅛	52¼
40¾	15⅞	1.40	Chase National Bank	35⅞	35⅞
49⅞	34	3.00	Chesapeake Corp.	45½	44½
48⅝	37⅛	2.80	Chesapeake & Ohio	45⅜	45⅝
62	29¼	1.00	Chrysler	58⅝	58⅜
19¼	3¾	—	Columbia Gas & Electric	12⅝	13
36¾	15¾	0.60	Coml. Solvents	19⅞	20
3¾	0¾	—	Commonwealth & Southern (ord.)	2½	2½
47⅜	16¼	1.00	Consolidated Gas of N. Y.	32	31¾
14¼	6½	0.78	Consolidated Oil	9½	9½
23	15⅛	0.25	Contin ntal Oil	21¼	21⅞
84½	55½	3.00	Corn Products	67⅞	67¼
30	14⅛	—	Douglas Aircraft	29⅝	31¾
112½	80	3.60	Du Pont de Nemours	111¼	114
23½	3¾	—	Electric Bond & Share	17¼	17⅛
17⅝	8¼	—	Fox Film "A"	15½	15⅝
32¾	16⅞	0.60	General Electric	30⅝	31½
37½	25	1.80	General Foods	34½	34¼
45⅝	24⅝	2.00	General Motors	42⅝	42⅜
45¾	13¾	1.00	General Railway Signal	32¼	33¼
23	14½	1.20	Gold Dust	16½	16⅝
41⅝	16	—	Goodyear Tire & Rubber	20	20½
60¾	33¼	1.00	Humble Oil	58	57½
29¼	21	0.80	International Nickel	28¾	28¾
17⅝	5⅝	—	International Tel. & Tel	11⅝	11⅞
66⅝	39	0.25	Johns Manville	62½	63
23½	14	0.60	Kennecott	21⅞	23½
43⅞	20⅝	2.00	Loew's Inc.	41	40⅝
24⅞	15¾	1.20	Lorillard	24⅞	24¾
77	39	1.00	Monsanto Chemical	71	79⅞
36⅜	20	—	Montgomery Ward	34	34½
43	16⅞	1.00	National City Bank	31⅞	31⅞
18¾	13	1.20	National Dairy Prods.	15⅝	15½
31⅝	16	2.60	National Distillers	27¼	27½
15½	5	0.80	National Power & Lt.	12¾	13⅛
45¼	12¼	—	New York Central	22⅞	23⅝
25¼	9⅛	1.00	North American	22⅛	23
28½	12⅝	1.50	Pacific Gas & Electric	27	27⅛
44⅛	19	2.40	Pacific Lighting	42¼	42⅝
6⅜	2¾	—	Packard Motors	4⅛	4⅞
80⅞	51½	2.00	Penney, J.C.	80¼	80
39⅛	17¼	1.00	Pennsylvania Railroad	27⅜	27½
26½	13	1.00	Phillips Petroleum	25⅝	25
45	20⅝	2.40	Public Serv. of N.J	43⅝	42½
8¼	4	—	Radio Corporation	7⅛	7
62⅞	43¼	3.00	Reynolds Tobacco "B"	54½	54⅝
38⅜	17⅛	—	Schenley	32⅞	32⅞
58⅞	31	0.75	Sears Roebuck	58	57
19⅞	11	0.30	Socony-Vacuum	12⅛	12
22½	10⅛	1.50	Southern California Edison	20¼	20¼
23¾	13	—	Southern Pacific	19½	20
25¼	13¾	1.00	Standard Brands	14¾	14⅞
17	1¾	—	Standard Gas & Electric	7¾	8⅜
50⅛	35¾	1.00	Standard Oil Co. of N. J	46	45¾
67⅛	47¼	3.80	Sterling Products	65⅛	65
43¼	29	2.00	Texas Gulf Sulphur	34⅜	35
8½	5	0.80	Transamerica	7⅞	7⅞
65½	35⅞	1.60	Union Carbide & Carbon	63¾	63⅝
133⅞	83½	6.00	Union Pacific	99⅛	98½
18¼	8⅛	—	United Aircraft (New)	17⅝	18⅝
7½	3¾	—	United Airline Trans.	7⅜	7⅝
8⅓	1½	—	United Corporation	6	6
20¼	9⅜	1.00	United Gas Improvement	17¼	17⅛
68¼	40¼	2.00	Universal Leaf	60⅞	61⅛
64¾	32	—	U.S. Indus. Alcohol	42	42
24	9¾	—	U. S Rubber	13⅝	13¾
59⅞	27⅞	—	U. S. Steel	43⅜	43⅞
21⅝	11½	—	Vanadium	16	18¼
8¼	2¼	—	Warner Bros. Pictures	5¼	5⅛
66¾	27⅞	—	Westinghouse Electric	64	64¼

Call Money: 0¼ %

SWAN, CULBERTSON & FRITZ

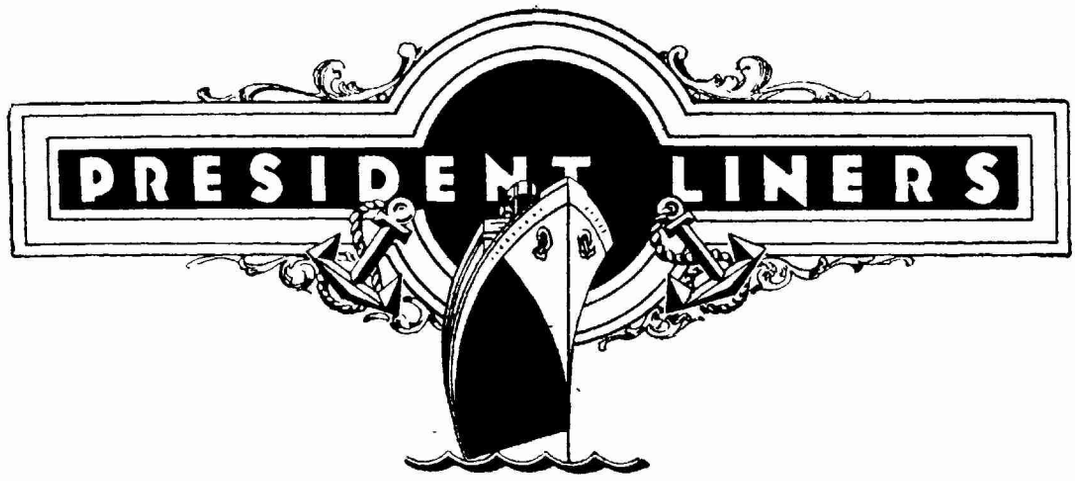
Swan, Culbertson & Fritz

Investment Securities—Local & Foreign

Safe Deposit Facilities

New York stock quotations received daily

Sassoon House Telephones 11200 (4 lines)



15 DAYS TO SAN FRANCISCO

14 DAYS TO SEATTLE

"THE SUNSHINE ROUTE"

to NEW YORK via HONOLULU, SAN FRANCISCO
PANAMA and HAVANA

"THE EXPRESS ROUTE"

to VICTORIA and SEATTLE

"THE NEW WAY TO AMERICA"

to EUROPE and NEW YORK via SUEZ

DOLLAR STEAMSHIP LINES
AMERICAN MAIL LINE

SHANGHAI—TIENTSIN—TSINGTAO—NANKING—HANKOW—HONGKONG—
MANILA—SINGAPORE—COLOMBO—BOMBAY—TOKYO—YOKOHAMA—KOBE

Robert Dollar Building **51 Canton Road, Shanghai.**

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper
for transmission with special marks privileges in China.

密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 73 | Shanghai, China, Saturday, August 24, 1935 | Number 13

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; TRYPHON V. KU, Advertising Dept.,; F. K. CHAO, Business Dept.

CONTRIBUTING EDITORS

C. Y. W. MENG — S. Y. LEUNG

C. Y. HSIEH — PAUL K. WHANG

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

Contents

Editorial Paragraphs

Union Club of China Brings Joy at the Finish... 421
Japan Presses China to Sign Secret Agreement for "Economic Cooperation"... 422
U. S. Commerce Department Tightens Regulations of China Trade Act... 425
Japanese Military Threaten Action Over "Review's" Report on New Life Case... 427
Japanese Profoundly Suspicious of Visit of British Economic Expert... 428

Special Articles

Important Political Developments Expected to Follow Chiang-Wang Meeting in Nanking... 431
Generalissimo Chiang Kai-shek's Appeal for Flood Relief and Economic Reconstruction... 435
Japanese Plans for Exploiting North China... 438
Some Impressions of the "New Life Magazine" Case...By C. Y. W. Meng 440
Who Will Be the Next President of the Executive Yuan?...By Paul K. Whang 442
"Sino-Japanese Economic Collaboration" in the Preliminary Stage...By Lee I. 444
Who's Who in China... 449
Men and Events... 450
New Books of Interest in the Far East... 452

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

UNION CLUB OF CHINA BRINGS JOY AT THE FINISH

EIGHTEEN years ago a small group of Shanghai residents, Americans, Britons and Chinese, got together and started a club—the Union Club of China. The object was to foster closer and friendlier relations between the three nationalities. The world war was in progress and while America had just decided to enter the struggle on the side of the Allies, sufficient time had not elapsed for American strength to show. In the Far East the situation was dark. Japanese sympathies were about 95 percent on the German side and had it not been for America's entrance on the Allied side the Japanese undoubtedly would have switched horses. The Japanese were in military possession of Shantung, which they had taken from the Germans, and their puppet Anfu clique, subsidized with loans running into the hundreds of millions of yen, ruled in Peiping.

The Union Club, which came to be popularly known as the "A. B. C." club, was born of this situation and to a certain extent succeeded in its objective, the creation of friendlier relations among the three nationalities. The fact that Chinese had not, up to that time, been admitted as members of the large foreign clubs in Shanghai, helped to make the Union Club a popular meeting place where lectures were delivered prominent visitors entertained, and social functions held.

But the foreign die-hards finally killed the Union Club by forcing through the executive committee in 1927 a resolution favoring foreign military intervention—in order to head off the Nationalist advance from Canton which was then sweeping toward this city through the neighboring province of Chekiang. The then president of the Union Club, an American, refused to sign the interventionist resolution and resigned. A considerable portion of the Chinese membership joined him and the Union Club went into a decline from which it never recovered. The finishing touch came when the foreign clubs decided to open their membership and guest privileges to Chinese. The club therefore had no further reason for existence and in recent years somebody usually got up at the annual meetings and pro-

posed its liquidation. Last year the resolution was passed and the Union Club of China is now being wound up.

And the winding up process has a distinctly bright and shining silver lining. When the club was started originally, each member was required to purchase a share in a proprietary or holding company which was the owner of the Club's property, said property consisting of a lease and some miscellaneous furniture, the Club having never purchased permanent quarters. Since there was considerably more money put up for shares in the holding company than was required for the use of the club the balance was invested—so wisely and handled so honestly that all of the original purchasers of shares are now having their money returned in full. Thus has the Union Club of China finally succeeded in dispensing joy in the midst of the Shanghai depression. Also, it probably has brought considerable relief to Shanghai's auditing concerns which were never quite able to fix the value of Union Club "proprietaries" which were carried as assets on the books of many Shanghai companies. The total amount of Union Club "assets" now being distributed to the original shareholders probably exceed $50,000, each of the shareholders receiving the full amount of his original investment.

Japan Presses China to Sign Secret Agreement For "Economic Cooperation"

ON July 15, Gen. Jiro Minami, commander-in-chief of the Kwantung branch of the Imperial Japanese army, signed an agreement with Chang Yen-ching, Minister of Foreign Affairs of Manchukuo, which provided for "economic-cooperation" between Imperial Japan and the puppet state which the Japanese warlords carved out of China's northeastern provinces. The portions of the agreement which have been made public were concerned primarily with the setting up of a so-called Japanese-Manchukuo "joint economic commission," which will have dictatorial or monopolistic powers in coordinating the economic, industrial and financial interests of the two countries. That it constitutes another long step toward the amalgamation of China's former Manchurian provinces and population within the colonial sphere of the Imperial Japanese Empire is immediately apparent upon perusal of the published portions of the agreement, the text of which appears further on in this article.

The signing of this agreement which had the effect of bringing China's northeastern or Manchurian provinces (Fengtien, Kirin, Heilungkiang and Jehol) within the economic scope of Japan's colonical empire, only constituted the first half of Japan's complete program. The other half consists in bringing China into the agreement to the end that the so-called Japan-Manchukuo-China "economic bloc" may become an actuality.

It is no secret that Japan has been pressing the Nanking government for more than a year for the conclusion of numerous agreements providing for the "coordination" of the activities of the two countries in all fields of human enterprise ranging from economics to military defense. The recent Japanese military activities in North China were supposed to have been precipitated by the Kwantung branch of the Imperial army because of its impatience with Nanking's dilatory tactics in meeting Japan's demands. Whether this latest Japanese "drive" has been fruitful in compelling Nanking to agree to further Japanese demands in the economic field is not known, but it is no secret that the present crisis in the Government at Nanking is intimately concerned with that issue. For this reason it is of interest to reproduce herewith the text of a proposed agreement for economic cooperation which the Japanese allegedly have demanded that Nanking must sign, otherwise Japan will proceed with her now openly announced plan of cutting off five more northern provinces (Hopei, Shantung, Shansi, Chahar and Suiyuan) and either adding them to Manchukuo or creating another puppet state with the capital at Peiping.

PROPOSED SINO-JAPANESE JOINT COMMISSION

Draft of proposed agreement providing for economic cooperation between Japan and China and for the creation of a Japan-China Joint Economic Commission with headquarters in Peiping:—

WHEREAS, the Governments of Japan and China entertain a desire to realize the rational coordination of the economics of the two countries with the purpose of permanently consolidating the relationship of economic interdependence based on historical and geographical factors existing between Japan and China;

WHEREAS, the two governments have recognized the need of achieving a full and close cooperation, among other matters, in important economic questions affecting the two countries in accordance with the principles of recent diplomatic understandings reached by the accredited representatives of the two countries;

THEREFORE, the governments of the two countries have resolved to establish a Japan-China Joint Commission to the following effect:

ARTICLE 1:—A Japan-China Joint Economic Commission shall be established in Peiping.

ARTICLE 2:—The Commission will be consulted by the Governments of Japan and China as to important matters pertaining to the inter-relations and coordination of the economics of the two countries as well as important matter regarding the supervision of the management of special companies now being established or to be established as Japanese-Chinese joint enterprises, and then shall submit its views thereon to the two governments.

ARTICLE 3:—The Governments of Japan and China shall take no measures regarding such matters as are specified in Article 2, unless they have previously consulted the Commission regarding same and obtained its views thereon.

ARTICLE 4:—The Commission may, when considered necessary, make recommendations to the Governments of Japan and China in regard to all matters

pertaining to the rational coordination of the economics of the two countries.

ARTICLE 5:—The organization and operation of the Commission shall be regulated by annexes to the present agreement.

ARTICLE 6:—The present agreement shall become effective on the day of its signature. It is drawn up in the Japanese and Chinese languages and in the event of differences arising with regard to interpretation between the Japanese and Chinese texts, the Japanese text shall prevail.

In witness whereof the undersigned duly authorized representatives of their respective Governments, have signed the agreement and affixed their respective seals thereto.

Done at Nanking, this . . . . . .

(LS) . . . . . .

Ambassador Extraordinary and Minister Plenipotentiary of His Imperial Majesty, the Emperor of Japan.

(LS) . . . . . .

Minister of Foreign Affairs, Republic of China.

ANNEX 1:—(a) The Commission shall be composed of twelve members, of whom the Governments of Japan and China shall each appoint six and shall respectively inform the other Government of their appointment.

In the event of any member being unable to attend any meeting of the commission on account of unavoidable circumstances, the Japanese Ambassador to China and the Chief Executive of China shall consult each other with regard to the nomination of a subsitute and the said substitute member shall attend the meeting. The substitute member shall act in the name of the absent member. In addition to the members designated in Paragraph 1 (a) the Governments of Japan and China may, when they consider such necessary, and upon consultation, each appoint an equal number of temporary members.

(b) The President of the Commission shall be elected by the members from among their own numbers.

(c) There shall be a number of secretaries which shall constitute the secretariat of the Commission. The members of the Secretariat shall be appointed in equal numbers by the two respective Governments.

(d) The proceedings of the Commission shall be decided by a majority vote, but in event of a tie the President shall cast the deciding vote. The President, as a member of the Commission, shall not be prevented from voting.

(e) The Commission shall adopt its own rule of procedure subject to the approval of the Governments of Japan and China.

ANNEX 2:—When considered advisable the Japan-China Joint Economic Commission may reorganize its personnel and alter the scope of its financial and economic activities to include representation of another nation in which both Japan and China possess racial and cultural ties.

While this alleged agreement or proposed agreement, which was supplied to *The Review* by a Chinese reader was marked "confidential" there actually was little confidential about it because it was practically a copy of the Japan-Manchukuo agreement bearing on the same subject which was signed at Changchun (Hsinking) on July 15. The fact that it is almost identical with the Japan-Manchukuo agreement, plus the fact that Japan has been openly working for a similar economic understanding in North China, has naturally led to the supposition that the text is

THE SWORD IS MIGHTIER THAN THE PEN

Once again the Chinese giant,
Willy nilly, has to sign
Where the sharp point of the sabre
Indicates the dotted line.

For the giant, quite defenseless,
Must obey the little man;
Unprepared and unarmed China
Bows to a well-armed Japan.

Washington, D. C., Times

genuine, the only uncertainty apparently being concerned with the extent to which the Nanking Government has consented to the Japanese proposal. A *Rengo* dispatch from Changchun on August 16 stated that the Japanese and Manchukuo government had appointed their respective members of the "Japan-Manchukuo Economic Council," the appointments being as follows:

Manchukuo Members:—Chang Yen-ching, Foreign Minister; Sun Chi-chang, Finance Minister; Ting Chien-hsiu, Minister of Industry; Ryuichiro Nagaoka, director of the General Affairs Bureau of the Government.

Assistants and Alternates:—Chuichi Ohashi, vice-minister of Foreign Affairs; Shigeo Ohdate, vice-director of General Affairs bureau; Kojun Takahashi, director of general affairs section of Ministry of Industry; Naoki Hoshino, chief of general affairs section of Finance Ministry.

Japanese Members:—Lieut.-Gen. Toshizo Nishio, Chief of Staff of Kwantung army; Masayuki Tani, Counsellor of Japanese Embassy in Hsinking; Rokuichiro Ohno, Director of Kwantung Bureau; Kakichi Takeuchi, former Director of Industrial Bureau of Ministry of Commerce and Industry.

In addition to the four Japanese Councillors, four subordinate members on the Japanese side include three officers in the army and of the eight regular members of the advisory body, five are Japanese.

JAPAN-MANCHUKUO ECONOMIC JOINT COMMISSION

The text of the Japan-Manchukuo agreement for the creation of a "Joint Economic Commission," as published the *Manchuria Daily News*, organ of the South Manchuria Railway, was as follows:

Whereas the Governments of Japan and Manchukuo entertain a desire to realize the rational co-ordination of the economics of the two countries with the purpose of permanently consolidating the relationship of economic interdependence now existing between Japan and Manchukuo;

Whereas the two governments have recognized the need of achieving a full and close co-operation, among other matters, in important economic questions affecting the two countries in accordance with the principles of the protocol of Japan and Manchukuo signed on the 15th of the 9th month of the 7th year of Showa, corresponding to the 15th day of the 9th month of the 1st year of Tatung;

Now the two governments, having resolved to establish a Japan-Manchukuo Joint Economic commission, have agreed as follows:

ARTICLE 1

A Japan-Manchukuo Joint Economic commission shall be established at Hsinking in Manchukuo.

ARTICLE 2

The commission may be consulted by the governments of Japan and Manchukuo as to important matters regarding the inter-relation of the economics of the two countries as well as important matters regarding the supervision of the management of special companies set up as Japanese-Manchukuo joint enterprises and shall then submit its views thereon to the two governments.

ARTICLE 3

The Governments of Japan and Manchukuo shall take no measures regarding such matters as are specified in the preceding Article unless they have previously consulted the commission regarding them and have obtained its views thereon.

ARTICLE 4

The commission may, when necessary, make recommendations to the Governments of Japan and Manchukuo in regard to all matters pertaining to the rational co-ordination of the economics of the two countries.

ARTICLE 5

The organization and operation of the commission shall be regulated by the annex to the present agreement.

ARTICLE 6

The present agreement shall be put into effect on the day of itts signature.

The present agreement has been drawn up in the Japanese and the Chinese languages, and should any difference arise in regard to interpretation between the Japanese and the Chinese texts, the Japanese text shall prevail.

In witness whereof the undersigned, duly authorized by their respective governments, have signed the present agreement and have affixed their seals thereto.

Done at Hsinking, this 15th day of the 7th month of the 10th year of Showa, corresponding to the 15th day of the 7th month of the 2nd year of Kangte.

(L.S.) JIRO MINAMI,

ambassador extraordinary and minister plenipotentiary of His Imperial Majesty the Emperor of Japan.

(L.S.) CHANG YEN-CHING,

Minister for Foreign Affairs of Manchukuo.

ANNEX

1. The commission shall be composed of eight members, of whom the Governments of Japan and Manchukuo shall each appoint four and shall respectively inform the other government of their appointments.

In the event of any member being prevented from attending any meeting of the commission on account of unavoidable circumstances, the Japanese ambassador to Manchukuo and the prime minister of Manchukuo shall consult each other in the nomination of a deputy and the said deputy shall attend the meeting.

The said deputy shall act in the name of the absent member.

Besides the members mentioned in the preceding paragraph, the governments of Japan and Manchukuo, when necessary, may, upon consultation, each appoint an equal number of temporary members.

2. The president shall be elected by the members of thte commission from among their number.

3. There shall be a certain number of secretaries of the commission. They shall deal with the secretarial affairs of the commission.

The Government of Japan and Manchukuo shall each appoint an equal number of secretaries from among those attached to the members of the commission.

4. The proceedings of the commission shall be decided by a majority vote. In the event of an equality of votes, the president shall decide.

The president shall not be prevented from voting as a member of the commission.

5. The commission shall adopt its own rules of procedure subject to the approval of the Governments of Japan and Manchukuo.

Why the Personal Grudge?

The Editor, The *China Weekly Review*:—

Wilbur Burton's attack on Agnes Smedley, which was disguised as a review of her book, was neither bright, witty nor amusing, much less gentlemanly. He is wasting his talents in China. Mr. Hearst probably would pay him well for this kind of thing. His review of Miss Smedley's book in your issue of Aug. 3 was sarcastic and talked about everything except the book. I was amazed at the article and more amazed that *The Review* should have published it.

"H."

Peiping, Aug, 8, 1935.

U. S. Commerce Department Tightens Regulations of China Trade Act

THE United States Department of Commerce at Washington put into effect on July 1 a new regulation pertaining to the so-called banking clause in the China Trade Act which, while allegedly not inspired by the recent failure of the Raven enterprises, does nevertheless have a direct bearing on certain types of American companies operating in China under the regulations of the Act. The new regulation, which appears on Page 12 of a Department of Commerce bulletin just received in Shanghai reads as follows:

> "Holding Shares of Stock in Other Corporations Prohibited—No corporation formed under the provisions of the China Trade Act shall purchase or acquire, either directly or indirectly, for investment purposes, shares of stock of any corporation engaged in activity prohibited by Section 4-c of the Act."

Section 4-c of the China Trade Act, passed by Congress in 1922, reads as follows:

> "A China Trade Act corporation shall not engage in the business of discounting bills, notes, or other evidences of debt, of receiving deposits, of buying and selling bills of exchange, or of issuing bills, notes, or other evidences of debt, for circulation as money; nor engage in any other form of the banking business; nor engage in any form of insurance business; nor engage in, nor be formed to engage in, the business of owning or operating any vessel, unless the controlling interest, in such corporation is owned by citizens of the United States, within the meaning of section 2 of the Shipping Act, 1916, as amended."

The announcement of the new regulation, coming in the midst of the liquidation of the Raven enterprises, has produced a sensation in American business circles in Shanghai because it appeared to be an attempt on the part of the authorities at Washington to correct a defect in the original China Trade Act which prohibited the formation of banks under the Act's regulations. However, it was stated that the new regulation had been contemplated for several months prior to the collapse of the Raven enterprises; hence was not inspired by recent developments in the American commercial community. That it does have a direct bearing on realty-financial-brokerage enterprises such as Raven previously conducted in Shanghai appears obvious.

When the China Trade Act was enacted by Congress in 1922, the object was to create legislative machinery for the formation of American companies doing business in China that would be superior to the old state corporate laws previously, and to a considerable extent, still in use in this field. The reason for this was that the state corporate laws were conflicting and in some sases so lax that American firms suffered in prestige as compared with British and other foreign firms which operated under "national" laws which provided for official supervision and a considerable measure of protection to stockholders. In other words the promoters of the China Trade Act, which included a long list of Americans interested in *legitimate* business, wanted corporate legislation which would place American business on a higher plane than had been the case previously. The result was The China Trade Act, enacted by Congress in 1922 and administered by the U.S. Department of Commerce through an official of the Department stationed in Shanghai known as "Registrar of China Trade Act Companies," the present incumbent being Miss A. Viola Smith, formerly a Trade Commissioner.

The reason the promoters of the China Trade Act as well as government officials desired to prohibit banks and insurance companies from taking advantage of the regulations of the Act was due to the absence of official organs of inspection in this part of the world similar to those which function within the United States. In other words it was regarded as too hazardous to permit American citizens to operate independent banks in China which would not be subject to inspection by government auditors. The large American banks such as National City of New York and the Chase Bank were not affected because their head offices in the United States were subject to inspection by state and national bank examiners. But in the case of smaller institutions such as Raven's American-Oriental Banking Corporation, incorporated under the lax laws of the State of Connecticut, there was no inspection from any official quarter. Therefore, while the framers of the China Trade Act could not prevent the organization and operation of banks under state charters, they did take steps to prevent the new Federal act from being exploited by financial manipulators of the Raven type. But, as so often happens, skilful lawyers are able to find loopholes in laws designed by other lawyers for the public's protection. Raven's attorneys, while unable to incorporate the American-Oriental Bank under the China Trade Act, were able in a sense to defeat the intent of the law by organizing two other concerns, American-Oriental Finance Corporation and Raven Trust Company, which, while not strictly banking institutions, were nevertheless able to engage in financial operations on a large scale. In addition, and this has a direct connection with the recently announced action of the Department of Commerce, these two Raven concerns (A.O.F.C. and Raven Trust) were able to hold large blocks of stock in the Raven bank. Since the new regulation directly affects a number of other concerns in Shanghai its promulgation has precipited a lively discussion as to the legality of the action, the argument being that the Department of Commerce did not possess legal power to enact regulations which were legislative in scope.

Aside from the bearing of this new regulation of the China Trade Act upon other enterprises of a nature similar to that of the defunct Raven enterprises which may still be operating in China under the American flag, there has been considerable recent discussion regarding the official responsibility of the Trade Act Registrar in preventing abuses

such as developed in connection with the operation of the Raven enterprises. Section 12-a of the Act provides that each China Trade Act corporation shall make and file with the registrar a report of its business for each fiscal year, (that is, Jan. 1 to Dec. 31) of its financial condition at the close of the year. The corporation shall also furnish a true copy of the report to each of its stockholders. The Regulations amongst other things provides that the company shall file the annual report as provided above in Section 12 (a) which shall consist of:

1. *Minutes of the annual meeting of stockholders approving balance sheet for such fiscal year;* election of directors; declaration for distribution (if any) of special tax saving dividend;

2. *Certified copy of the audited balance sheet.*

3. *Detailed statement of profit and loss*

4. Statement of the distribution of profits, ordinary and special tax saving dividend if any to each stockholder of record as of Dec. 31.

Section 12 (b) of the Act provides further that "all such papers shall be kept on record in the offices of the Regitrar..... *and shall be available for public inspection under such regulations* as may be prescribed.

The writer is not in a position to know whether the various Raven enterpises which were incorporated under the Trade Act carried out the foregoing regulations. It is claimed that they did, but the obviously weak spot in the law apparently was the absence of any provision giving the Registrar authority to make an audit or inspection to determine whether the reports were accurate. If the statements of Frank L. Hough, official court liquidator, to the effect that the Raven bank has been insolvent since 1932 and that the condition of two other Raven enterprises, Raven Trust and American-Oriental Finance Corporation, "were even worse," were correct it would appear that the reports filed with the Trade Act Registrar could have not been worth face value. A further element in the Trade Act law which apparently has not yet received the attention it deserves in connection with the Raven scandal is covered in Section 18 which reads to the following effect:

"No stockholder, director, officer, employee, or agent of a China Trade Act corporation shall make, issue, or publish any statement, written or oral, or advertisement in any form, as to the value or as to the facts affecting the value of stocks, bonds, or other evidences of debt, or as to the financial condition or transactions, or facts affecting such condition of transactions, or such corporation if it has issued or is to issue stocks, bonds or other evidences of debt, whenever he knows or has reason to believe that any material representation in such statement or advertisement is false .....Any person violating any provisions of this section shall, upon conviction thereof, be fined not more than $5,000 (U.S.) or imprisoned not more than ten years or both....."

In a discussion of the element of official American responsibility in connection with the collapse of the Raven enterprises which appeared in the issue of *The Review* on August 17, the suggestion was made that the Department of Justice should send a special investigator to Shanghai to make inquiry into certain larger phases of the situation which are outside the scope of the Court Liquidator. In this connection it is obvious that the branches of the U.S. Government which are directly affected, such as the Departments of Commerce and State, as well as the Department of Justice, connot afford to permit the opportunity to pass without taking steps to rectify defects in the laws which made the Raven scandal possible. For this reason the suggestion that the Department of Justice send a special investigator to China, should be amended to also include representatives of the Departments of State and Commerce, to the end that new legislatioin may be introduced in Congress designed to rectify defects in the China Trade Act. Also, if the U.S. Government intends to permit small independent American banks to operate in China, of which there probably are a half dozen still in operation, then machinery should be created for making official audits of their accounts.

Recently someone contributed an article to an American magazine entitled "Collapse of American Imperialism," in which considerable space was devoted to the granting of independence to the Philippines and the discontinuance of certain "imperialistic" practices in Latin America and elsewhere. But nowhere was there any reference to China where Americans for many years have been engaged in building up a pseudo-colonial position or "empire" under exterritorial protection provided by the treaties. In view of the present attitude of the Administration as evidenced in the Philippines and elsewhere, there is strong possibility that Washington may decide to follow the line of least resistence and surrender its exterritorial "rights" in China. This would immediately solve the problem of American responsibility for the acts of American citizens in China because China would then have the power to look after her own household and all that happened therein regardless of the nationalities of those responsible for the actions.

Wang Ching-wei Withdraws Resignation

Following conversations with General Chiang Kai-shek, at Nanking Aug. 21, Wang Ching-wei definitely agreed to withdraw his resignation as President of the Executive Yuan and Foreign Minister. A formal statement was predicted to be made after the meeting of the Standing Committee of the Central Executive Committee. It is understood that the Generalissimo is leaving shortly for Szechwan. Mr. Wang had a busy day conferring with political leaders.

U. S. Vice President Garner and Congressmen Will Visit Japan

U S. Vice-President Garner, and a party of 48 Congressmen, will visit Japan at the end of October after a trip to the Pnilippine Islands to attend the celebrations in connection with the inauguration of an independent government, according to the Washington *Post*. The party, the paper adds, will include the leaders of the House of Representatives and the Senate.

H. R. Ekins Succeeds H. F. Misselwitz in N. Y. "U. P." Office

H. R. Ekins, former Shanghai manager for the *United Press* Associations, has been appointed night cable editor for the New York office of *United Press* in place of H. F. Misselwitz, who represented first the *United Press* and later the *New York Times* in Shanghai several years ago and who was recently severely injured by an attack from an unknown assailant late at night. Advices from New York state that Mr. Misselwitz will not be fully recovered for several months.

Japanese Military Threaten Action Over "Review's" Report on New Life Case

The following report was circulated to thelocal Shanghai newspapers on Wednesday afternoon, August 21, by the Japanese Rengo service:

Indignation was expressed by Japanese military authorities here today over the publication of an article in the July 27 issue of the "China Weekly Review", an American magazine published by Mr. J. B. Powell, commenting on the sentence imposed by the Chinese court upon the editor of the "New Life" magazine.

The "China Weekly Review" article was entitled "Anti-Foreignism Prohibited: Editors Appeal Denied" and gave the "general trend" of the offending editorial, which, the "Review" said, it had obtained from Japanese sources.

"The 'Review's' article," a spokesman for the Japanese military attache's office was quoted by all local Japanese eveninig newspapers as stating," has revived the parts which the Japanese held most objectionable in the 'New Life' editorial.

"The 'New Life' affair caused serious repercussions at the time and has not yet been completely settled. I am certain that everyone connected with the world of letters and among the educated classes in Shanghai has been aware of that fact.

"Actually we have noted that the Shanghai Municipal Council has made an effort to curb such publications. It is also known that the Japanese government has also made a vigorous protest over the so-called 'Vanity Fair' incident in the United States.

"We are at a loss to understand the motives of the persons responsible for this new problem inasmuch as we can only believe that is was done with deliberate intent.

"Mr. Powell is the editor of the magazine, which is registered in the American Consulate-General and it has a wide circulation among foreigners as well as among the educated class of Chinese. Consequently the effect of the article will be felt more deeply.

"We believe that the Japanese authorities will soon take serious action in connection with the matter. This question is inseparable with that of the 'New Life' magazine and cannot be dealt with lightly," he concluded.

Japanese diplomatic authorities declined to comment on the question, merely stating that the case was being investigated by the Consulate-General.

The Shanghai Nichi-Nichi added that the "Review" was the "propaganda magazine of a certain organization and well-known as a determined anti-Japanese publication," while the "Shanghai Mainichi" remarked that Mr. Powell, "who claims he is an authority on Far Eastern affairs, is highly trusted by Gen. Chiang Kai-shek, and is said to hold a position equivalent to that of an advisor in Chinese internal affairs."

Mr. Powell is also Shanghai correspondent for the "Chicago Tribune" and of the "Manchester Guardian."

Manchester "Guardian" Scores Italian Position

"Treason is precisely the word in describing the action of Signor Mussolini—treason towards the Allies of the Great War, towards Post-War friends and helpmates, and above all to that civilization which stands or falls with the present order," declared the *Manchester Guardian* in a leading article Aug. 20 on the Abyssinian situation.

The paper proceededs: "Signor Mussolini is not animated by old-fashioned imperialism, but by the more terrible neo-imperialism of the Fascist state. His country, with bitter poverty reducing her millions of peasants and workmen to deprivation as terrible as any in Europe, is being adorned with expensive and useless marble monuments that ape the splendors of ancient Rome while he attempts to found a Fascist empire.

The *Japan Chronicle* comments:—Abyssinia, having taken a long time to weigh it all up, is not sure whether the League of Nations is as efficient as it pretends to be. Which brings that country perilously near to Will Rogers' opinion that the Emperor would have a pretty good court case for the return of the dues paid into the League for protection. China, of course, was a long way in arrears, and couldn't expect anything anyhow.

"China Not So Badly Off," James A. Moffett States

James A. Moffett, Administrator of the Federal Housing Administration, on completing his trip around the world (he was in Shanghai for a week) declared in an intervie v in Washington, Aug. 20, that an increase in the price and stabilization of the world price of silver would benefit a large portion of the world. "China," Mr. Moffett declared, "as a whole is not as badly off as many people would have us believe." He attributed the current depressed period in Shanghai to a land boom in recent years which, he said, was "bound to blow up."

Japanese Consul at Tsingtao Is Retired Because of Vice Consul's Embezzlement

Temporary retirement from active service was ordered Aug. 15 by the Cabinet for J. Sakane, Consul-General in Tsingtao, in connection with the huge embezzlements committed by Mr. Mogi, Tsingtao Vice-Consul. A. Tajiri, Chief of the Second Section of the East Asia Bureau of the Foreign Office, has been appointed Consul and directed to take charge of the Consulate-General pending appointment of Mr. Sakane's successor. The alleged defalcator is now awaiting trial following his surrender to the police and a subsequent confession that he misappropriated at least Yen 166,500 in official ("secret service") funds.

China's Cuban Envoy Sued in Los Angeles for $113,000

Gen. Chang Wei-chang, new Chinese Minister to Cuba, who is at present in Los Angeles en route to Havana, was sued Aug. 12 for $113,000 by Chang Hong-quong, a produce merchant who alleges that he was imprisoned and his clothing and jewellery appropriated in Canton in 1922. The suit alleges that the Minister was an aviator in the Chinese revolutionary army which captured Canton in 1922. The complainant alleges that Gen. Chang demanded $10,000 from him and that, when he refused to pay, he was imprisoned for 65 days. During that time, he alleges, his watch, a diamond ring and his clothing were stolen.

Japanese Navy Holds Maneuvers "Somewhere in the Pacific"

More than 70 grey-flanked floating war machines edged their way out of Tokyo Bay Aug. 17 bound for "somewhere in the Pacific" as the Japanese Navy began its annual large scale manoeuvres.

On their way to their destination, they were joined by the temporary Fourth Fleet, consisting of coast guard and other second-line vessels and organized specially for the mimic warfare. This group directed by Vice-Admiral Gen. Matsushita.

Japanese Profoundly Suspicious of Visit of British Economic Expert

THE approaching visit to China of Sir Frederick Leith-Ross, financial adviser to the British Government, and his incidental stopping over in Japan, continues to be the subject of much discussion in Japanese political, financial and newspaper circles—particularly the latter. It is announced that an interview will take place between Sir Frederick and Juichi Tushima, Japanese Vice Minister of Finance, on September 6.

The Tokyo *Nichi Nichi* indicates that the Japanese position regarding financial assistance to China is as follows:

> "China's financial and economic depression is acute, but extension of loans as the means of rehabilitation cannot be necessarily called effective. Will the advanced money be spent for the purposes for which the loans are made? Those conversant with the actual conditions of China have to doubt this point. And even if China is saved for a time by means of loans, there will be the fear that once the effects of the loans are gone, the evils will crop up. The best policy seems to be to encourage self recovery by the Chinese themselves.
>
> "On the other hand Chinese economy, though reported acutely pressing, has strong bottom power, and there will be little anxiety that without loans China will immediately collapse."

The Shanghai *Nippo* sees a new departure in British policy in China with the dispatch here of Brig.-General Frederick D. Hammond, the railway expert, who, this Japanese paper declares, came here to prepare the ground for Sir Frederick. Brig.-Gen. Hammond was said to have planned for six new railway lines in China, and in addition to inspecting the existing railways had also investigated the resources of Kweichow, Yunnan and Szechuen.

The *Shanghai Mainichi* of Aug. 17 emphasized that Sir Frederick's arrival in China will pave the way for the establishment of a new constructive policy towards China and for the liquidation of the passive policy maintained in past years. Referring to a *Rengo* report that the British Government laid emphasis on the point that Sir Frederick's mission is far from political and that he will go to China via Japan where he will seek an interview with the Japanese Government, the *Mainichi* commented:

> "All this shows that the real mission of Sir Leith-Ross is to prepare the ground for further British activities in China and to ease the feelings of Japan towards China and lastly to find out the real intentions of the Japanese authorities. Such evidence of Great Britain's active policy is shown by the recent developments in China since Wang Ching-wei's resignation. According to certain circles, the British are pulling the strings behind the tremendous activities of the pro-European and pro-American elements in China, especially regarding Mr. Wang's resignation, and they have pushed these elements to launch the campaign against Mr. Wang and to try to take over the administrative power .... It is inadvisable for both China and Great Britain to allow these pro-European and pro-American elements to exist unbridled within the framework of the Nanking Government. The Japanese must pay close attention to the forthcoming sitting of the Sixth Plenary Session of C.E.C., the arrival of Sir Frederick Leith-Ross and the future development of the Nanking regime."

A dual British Far Eastern policy, in which gestures towards Japan are used to shield preparations for a positive policy in China, was also seen by the *Mainichi* which interpreted more as "propaganda directed towards Japan" than "a presentation of British policy" Sir Samuel Hoare's declaration of July 12 in which he said:

> "I feel sure that I need not underline the capital importance we attach to friendly relations with Japan We are most anxious to see the most friendly relations continue."

"The goodwill address of Secretary Hoare and the revelation of what is the true mission of Sir Frederick make it clear that they are but preliminary steps in a projected British advance into China, coupled with efforts to sound Japan and to seek a mollification of Japan's attitide towards China," the newspaper declared. "This is a typical example of the crafty methods of the British. While on the one hand goodwill gestures are being made toward Japan, a definite positive policy is being carried out in China, on the other. For instance, this has been sharply shown in the questions surrounding the resignation of Wang Ching-wei. According to reports reaching certain sources, British support is being given, both internally and through Chinese diplomatic circles abroad, to the persistent efforts of the so-called American-European group to secure political power following Mr. Wang's resignation. It is typical of Britain to cloak her policies in conciliatory words and to slowly push her opponents to the wall. What Japan needs to worry most about the resignation of Mr. Wang is British action."

The Tokyo *Jiji* August 8 stated that the British Government had proposed to Japan through Ambassador Matsudaira that a conference be held at Tokyo between Japan and Great Britain in the coming autumn for a solution of the various pending issues in East Asia. The conference has been proposed in anticipation of the failure of the forthcoming main naval disarmament conference. Great Britain, it was stated, was surprised at the world-wide economic advance made by Japan following Japan's withdrawal from the League of Nations, and came to have better knowledge of the

fact that for maintenance of peace in East Asia Japan's co-operation cannot be ignored.

According to Mr. Hirota's present policy, Mr. Hirota will request the participation in the coming conference not only of Sir Robert Clive, British Ambassador to Tokyo, but also Ambassador Cadogan in China and Sir Frederic Leith-Ross, financial expert, if such is needed at all. Tentative consent for Ambassador Cadogan's participation has already been obtained. If understanding is reached at the coming conference regarding reopening of the Anglo-Japanese unofficial trade talk and recognition of Japan's superior position in China, Foreign Minister Hirota is stated to be determined to open negotiations on the disarmament problems with Great Britain. Developments therefore are being watched with keen interest.

The reasons why Britain has become enthusiatic over Anglo-Japanese discussion were cited by the *Jiji* as follows:

1.—Great Britain has concluded the Anglo-German naval agreement, and desires to open the main naval conference within this year after having a talk with France and Italy. But according to present indications, such a conference is impossible of achieving success. If Anglo-Japanese economic rivalry is aggravated in the Orient in the event the disarmament conference becomes abortive, Britain will be exceedingly at a disadvantage.

2.—The Anglo-Japanese unofficial talk conducted in London in January last year did not reach any agreement because Japan opposed the proposal to readjust Anglo-Japanese competition on the third country market. If Britain does not reach an agreement with Japan for Anglo-Japanese economic division on the China and Oriental markets, Britain will be placed in a more difficult position.

3.—Such being the case, if Britain officially recognizes Japan's position as the stabilizing influence in East Asia and re-examines the Anglo-Japanese issues on that basis and then reach a satisfactory solution, it will give a favorable influence to the disarmament issues also. Britain has found that Anglo-Japanese co-operation has to be done on the basis of realistic interests.

The Japanese telegrams during the week frequently referred to a five-million pound sterling loan. The Shanghai *Mainichi* of Aug. 17 referred to the loan as having been initated by the so-called "American-European" group of Chinese officials, in which Quo Tai-chi, Ambassador to London, was stated to have played a pivotal part. Basing its report on "information reaching trustworthy sources," the *Mainichi* stated that the British officials have "quietly turned down" negotiations for the loan. The refusal it was stated, came on Aug. 9 to disappoint the "American-European" clan which was said by the *Mainichi* to be seeking to regain its glory lost in recent years by the downfall of the League of Nations and the ascendancy of Japan in Far Eastern affairs, coincident with the resignation of Wang Ching-wei. The loan was allegedly intended to be utilized for a reform of China's finances, which are now in a state of panic." The prestige acquired by the clique in turn was to be used to eject the pro-Japanese officials in Nanking preparatory to curbing Japanese influence in China.

The *Central News* Agency Aug. 18 quoted "responsible official sourecs" to the effect that current rumors that China is negotiating a £5,000,000 loan from England through Quo Tai-chi, Chinese Ambassador to the Court of St. James, were entirely without foundation.

London "Economist" Disapproves of F. Leith Ross's Activities in Japan

The London *Economist* August 17 commenting on the occasion of Sir Frederick Leith-Ross's arrival in Montreal, en route to China, recalled in rather disapproving terms the conditions under which Manchukuo was penetrated by Japan, and continued, "May we infer that Sir Frederick's mission is a *ballon d'essai* for testing whether Japan really intends challenging the right of the rest of the world to hold intercourse with China directly and freely in accordance with the generally recognized laws of the nations?"

"Sir Frederick," the paper went on, "is to visit Tokyo on his way to Nanking with a view to obtaining information on Japan's view of the Chinese financial situation. But this passing visit is certainly not to be interpreted as a confirmation of the rumors associating Sir Frederick's visit to Tokyo with an alleged conference for the discussion of trade competition and arms limitation problems."

Silver Stocks in Shanghai Banks Amount to Third of a Billion Dollars

According to the Economic Research Department of the Central Bank of China, Shanghai had a total of $332,707,000 worth of silver on August 16. Of the total, the Chinese banks have $293,865,000, while the foreign banks have $38,642,000.

Smuggled Silver Found Aboard the "Nagasaki Maru"

Seven silver ingots, weighing about 25 lbs. and valued at Yen 10,000, were discovered in one of the boats of the N.Y.K. liner *Nagasaki Maru*, shortly after her departure from Shanghai on Aug. 14. As the owner of the silver could not be found, the smuggled metal was placed in the custody of the Nippon Yusen Kaisha. The crew of the vessel were examined without any results.

Bank of China Issues $2,000,000 in One-Dollar Bank Notes

In view of the large demand for more bank notes of circulation and the business development of the Bank of China, T. V. Soong, Chairman of the Board of Directors of the Bank, decided Aug. 18 to issue new one-dollar bank notes to the amount of $2,000,000. The notes are being issued by the Bank with the permission of the Ministry of Finance.

Chinese Banks Show Handsome Profits

Chinese banks made considerable profits in the first half year of 1935, among them being the following:—

The Bank of Communications, $64,512; Ningpo Commercial & Savings Bank, $40,831; The Manufacturers' Bank of China, $26,791; State Bank, 19,544; Kincheng Banking Corporation, 88,392; Chung Hwa Bank, 13,161; Land Bank of China, $12,863; China Development Bank, $12,365; The Agricultural and Industrial Bank of China, $13,253; Tung Lai Bank, $5,527; Shanghai Commercial and Savings Bank, $227,136; China and South Sea Bank, $33,826; Chekiang Industrial Bank, $15,228; Kiangche Bank, $5,747; Chung Fu Union Bank, $4,701; Continental Bank, $46,562; Heng Li Bank, $3,974; Joint Savings Society, $1,160,452.

Plant in French Concession Discovered Melting Silver Coins Into Bullion

What was first suspected to be a counterfeiting plant operating in the French Concession was later found by the French Police to be an establishment engaged in melting down silver coins into bullion. In accordance with a Nanking order issued on July 15, the melting of silver is a criminal offence. There is a profit of about 20 percent in converting silver coins into bullion, as the coin itself is only convertible into paper currency—which, owing to the export ban on silver, is at an actual discount in the world's markets. The Chinese found in the plant were charged in the District Court but their trial was postponed until a later date.

Japanese Army Chiefs to Meet in Tokyo Aug. 26

The highest ranking members of the Imperial Army, including all the members of the Supreme War Council, will meet in Tokyo on Aug. 26, when Gen. Hayashi, War Minister, will issue orders to divisional commanders to strengthen the military discipline. Heading the list of the officers to attend the conference will be Prince Marshal Kotohito Kan-in, Chief of the Army General Staff; Gen. Jotaro Watanabe, the new Inspector-General of Military Education, and Gen. Jinsaburo Mazaki, Gen. Watanabe's predecessor in the office and now a member of the Supreme War Council. Gen. Mazaki is generally regarded as the leader of the group opposing Gen. Hayashi's efforts to centralize the control of the Army. The meeting is being convened in connection with the assassination on Aug. 12 of Lieut.-Gen. Nagata, Director of the Military Affairs Bureau of the War Office, by Lieutenant-Colonel Saburo Aizawa.

"I firmly believe that the Japanese Army is well disciplined, but I cannot say that the enforcement of discipline has been flawless," Admiral Okada said referring to the slaying of Gen. Nagata.

Japanese Exchequer Tries to Limit Budget to Two Billion Yen

Limitation of the budget for the next fiscal year to about Yen 2,000,000,000, instead of Yen 2,7000,000,000 demanded by various departments of the Government, will be sought by the Exchequer in its negotiations with the Ministries, recent telegrams from Tokyo stated. Officials of the Treasury are reported to be strongly against the wholesale recognition of new demands of various ministries—being determined to eliminate the demands for relief needs and radically to slash the estimates of the defense departments. The Ministry of Finance will, however, appropriate sums for rural relief and also satisfy those demands of the War and Navy Offices which it considers indispensable in view of the troubled international situation. Exchequer officials are also reported to be anxious to eliminate the pressure usually exerted by various ministries on the Treasury for the satisfaction of their demands in favor of inter-ministerial co-operation.

Agreement to support Gen. Senjuro Hayashi, war minister, in his efforts to strengthen the Army discipline was reportedly reaced Aug. 20 between Premier Keisuke Okada and Korekiyo Takahashi, finance minister. The two conferees also agreed to maintain the policy of reducing the issuance of "red ink bonds" in the next fiscal year's budget. The premier and the 81-year old "wizand of the Exchequer" also reportedly discussed the adjustment of finances of local governmental units, which is now being studied by the National Policy Council, Japan's "brain trust."

In an interview with the press the premier endorsed Mr. Takahashi's insistence that the national budget be kept within reason, because Japan would be unable to borrow abroad in an emergency.

"Mr. Takahashi is convinced that our people must be allowed to keep something in their pockets so that they may be relied upon in a crisis," the premier said.

Japan's Far Eastern Trade Shows Favorable Returns

Japan's Far Eastern trade for July, amounting to Yen 70,101,000, resulted in a Yen 24,293,000 favorable balance, figures made public by the Ministry of Finance Aug. 19 revealed. Exports totalled Yen 47,197,000, imports Yen 22,904,000. With the addition of July's surplus of exports over imports, the total favorable margin for the year was brought up to Yen 168,639,000. China, Hongkong, the Kwantung Leased Territory and Manchukuo were included in the survey.

Australian Arrested for Photographing Korean Naval Base

Frank William Lowe, 26 years old, an employee of a Melbourne firm, was arrested at Shimonoseki Aug. 15 by the Japanese police on a charge of having photographed the Chinkai naval base in south Korea.

Japan Spinners in China to Decide on Curtailment Next Month

The Federation of Japanese Cotton Spinners in China will make its decision on the proposal for an agreement among Japanese, Chinese and British mills to curtail production by the middle of September, when Mr. Funatsu, Director-General of the Federation returns to Shanghai.

Mr. Funatsu arrived here this week to confer with the officials of the local branch of the Federation.

Mr. Funatsu, however, predicted that a nation-wide curtailment of production would involve some political difficulties. The proposal for limitation of output was made by the Chinese operators through the good offices of the British-owned Ewo Mills.

The prospects for cotton cultivation in North China are very bright, Mr. Funatsu said, with a distinct possibility of growing cotton not inferior in quality to the American and Egyptian product. The experiments with Korean cotton in Shantung Province have been very successful, he added.

Mr. Funatsu declared recently in passing through Tientsin that North China would in time become the center of the cotton spinning industry in the Orient.

Ford Opposes Japanese Government Attempt to Control His Business

In connection with the move of the Japanese Cabinet to gain control over the automobile manufacturing industry, mention of which was made in *The Review* last week (p. 395), the Tokyo *Asahi* Aug. 16 said the Ford Motor Co. had issued a statement giving assurances that said company would never abandon the company's right of control in the automobile industry.

The *Asahi* added that the land purchase issue is likely to develop into a diplomatic issue just as was the case with the oil issue. Benjamin Kopt, manager of the Ford Motor Car Company, Japan Limited, has decided to advance his schedule and leave Japan for the United States almost immediately. Mr. Kopf had been summering in Karuizawa but returned to Tokyo and called on the Ministry of Commerce and Industry authorities. Mr. Kopf, according to the *Jiji*, will submit to his head office a detailed report regarding the recently-drafted automobile industry control bill and devise measures to cope with the situation. The *Jiji* added that Mr. Kopf's policy is to reserve co-operation with Japanese capital as the final measure and carry on the Ford system by utilizing the vested rights as much as possible.

The *Mijako* noted that the Ford concern has purchased land from the Tokyo Bay Reclamation Company of the Asano interests, and it is considered sure that the Ford will maintain that the purchase of the land means the start of the expansion plan and insist that the expansion of the plan is a "vested right," which is exempt under the new law.

Ford is about to construct a large factory at Yokohama for the purpose of manufacturing automobile parts in an effort to grasp the hegemony of the Oriental market, with Japan as the center.

Sir Reginald Johnstone

The Editor, *The China Weekly Review* :—

With reference to your article of Aug. 17, it might be mentioned that the latest report in London regarding the the Governship of the British colony of Hongkong is to the effect that Sir Reginald F. Johnstone is one of the most likely candidates in the running. Has this any connection with his recent announced trip on an "unofficial mission" to Japan and Changchun?

Sir Reginald Johnstone, as you recollect, was one of the very successful members of the Colonial Civil Service before being appointed as tutor to Pu-Yi.

"N."

Shanghai, Aug. 21, 1935.

Note by the Editor :—The above refers to the editorial in last week's issue of *The Review*, "Renewed Drive to Force China's Recognition of Puppet State," in the course of which a reference was made to Sir Reginald Johnstone's visit to his former pupil, Pu Yi. In the same issue there were comments by Hongkong papers on the suggestion on the *North China Daily News* to appoint a "rapporteur" type of Governor for Hongkong.

American Chamber of Commerce Seeks Lower Radio and Cable Rates to U. S.

The American Chamber of Commerce has been engaged for some time in a study of radio and cable rates between China and the United States, with a view to securing a reduction in rates. Commercial concerns and press associations alike have long been handicapped by the considerable disparity between rates from here to American cities and from Japan to American cities.

Recently rates in Japan have been further reduced by Mackay, the Radio Corporation of America and the Commercial Pacific. The new rates compared with Shanghai are as follows:

Shanghai to New York .....Gold Francs 4.50 a word.
Shanghai to San Francisco.....Gold Francs 3.75 a word.
Japan to New York .....Gold Francs 3.70 a word.
Japan to San Francisco.....Gold Francs 3.05 a word.

These are regular commercial rates. Rates on press telegrams are lower, but the same disparity prevails.

The Chamber believes that the local communications companies are willing to reduce their rates, but the attitude of the Nanking Government—which is the deciding factor in the matter—is not known. It is pointed out that the Government should be especially interested in the reduction of press rates, since the cheaper rates from Tokyo naturally encourage press associations and newspapers to take more coverage of the Far East from that point than from Shanghai. Thus Japan often gets the "break" for this reason, as well as because of the virtual absence of censorship, in presenting her side of the current melee to the world.

While Japan is, of course, somewhat nearer to the United States than China, the difference is regarded as so slight that it should not have any appreciable effect on radio rates.

Important Political Developments Expected to Follow Chiang-Wang Meeting in Nanking

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **General Chiang Kai-shek Returns to Nanking After Long Absence.**
2. **Kuling Conference Plans No Changes in Nanking.**
3. **Wang Ching-wei Arrives at Capital to Confer with Gen. Chiang.**
4. **Executive Yuan Ministers to Resign En Bloc If Wang Insists on Quitting.**
5. **Prospects of Nanking-Canton Rapprochement Are Brighter.**
6. **General Chiang Said to Desire Economic Accord With Japan.**
7. **Tao Shang-min Released After 12-Day Detention by Japanese.**
8. **New Commander of Japanese Forces in North China Announces Policy.**
9. **Manchukuo to Establish Diplomatic Organ in North China.**
10. **Peiping-Liaoning Railway Train Raided by Bandits Near Chinwangtao.**
11. **Col. Takahashi Derides Nanking's Protest Against Air Flights.**
12. **Serious Situation Develops in Kweichow As Troops Mutiny.**

Important political developments are expected to take place shortly in the National Government following the arrival of General Chiang Kai-shek, President of the Military Affairs Commission, and Wang Ching-wei, retiring President of the Executive Yuan and concurrently Minister of Foreign Affairs, in the Capital during the week. General Chiang arrived at Nanking from Kiangsi by airplane in the afternoon of Aug. 19 after an absence of more than half a year, while President Wang reached there Aug. 21 by way of Shanghai from Tsingtao, where he had been recuperating from ill-health. Early in the week, a conference was held at the Kiangsi summer resort, Kuling, which was participated in by General Chiang, Chairman Lin Sen of the National Government, Finance Minister Dr. H. H. Kung, T. V. Soong, General Chang Chun, Chairman of Hupeh, and other high officials. Prior to his departure from Tsingtao, President Wang was called upon by General Chang Chun on behalf of General Chiang Kai-shek and was urged to remain in office. According to latest information, President Wang is still firm in his decision to resign both of his government posts, but is willing to serve in the Party as a member of the Central Executive Committee.

Important conferences of government leaders are now being held at Nanking. In addition to General Chiang and President Wang, a large number of other high officials are also in the Capital, among whom are Dr. H. H. Kung, Sun Fo, President of Legislative Yuan, T. V. Soong, Tai Chi-tao, President of the Examination Yuan, Chu Cheng, President of the Judicial Yuan, Yu Yu-jen, President of the Control, and the Ministers of the various Ministries. It is understood that besides the question of resignation of President Wang Ching-wei, the general situation of the country is also being reviewed and discussed. It is expected that important decisions will fellow these discussions, which will not only affect the internal situation of the country, but also the policy in its foreign relations.

Meanwhile, the talks for a Nanking-Canton rapprochement are being renewed. Hu Han-min, veteran Party leader of the Southwest, who is on a world tour, is reported to be returning to China to join the National Government, while Dr. Wang Chung-hui, Chinese Judge at The Hague Court of International Justice, is reported to be already on the way to China. Several emissaries from Nanking are now in Canton discussing the detailed measures with the Southwestern leaders regarding closer co-operation between Nanking and Canton.

The forthcoming Sixth Plenary Session of the Central Executive Committee is also attracting attention from various quarters. The Session is scheduled to be held on September 20 and is expected to be attended by leading members from all parts of the country. The hermit Christian General Feng Yu-hsiang has also announced his readiness to emerge from retirement and come to Nanking to participate in the discussions.

A summary of the leading events during the week follows:

WANG CHING-WEI RESIGNATION DISCUSSED AT KULING CONFERENCE

General Chiang Kai-shek arrived in Kuling from Chengtu on Aug. 15 and conferred last week end with Government leaders on the political crisis caused by the resignation of Wang Ching-wei, according to a report in the *Shanghai Evening Post* Aug. 16.

It is rumored that as a result of the discussion, Dr. Kung is scheduled to become President of the Executive Yuan, while T. V. Soong will again be given the portfolio as the Finance Minister. General Chiang Tso-pin is being prominently mentioned as the next Foreign Minister, although in some quarters, the name of Dr. V. K. Wellington Koo, Minister to France, is also linked with the Waichiaopu.

Japanese political observers in Shanghai insist that Chu Cheng, President of the Judicial Yuan, will become President of the Executive Yuan and Dr. Wong Chung-hui will become head of the Waichiaopu.

A decision that no political changes be made in the National Government in the near future has been reached at the meeting of the government leaders in Kuling, according to a *China Press* report Aug. 18. It is now generally believed that the political situation in the Capital will remain unchanged pending the opening of the Sixth Plenary Session of the C.E.C. despite the resignation of Wang Ching-wei. Reports that Dr. Wellington Koo will be appointed to succeed Mr. Wang as Minister of Foreign affairs has been officially denied.

WANG ARRIVES IN NANKING TO SEE CHIANG

Wang Ching-wei arrived at Nanking from Shanghai in the morning of Aug. 21 by train in response to a telegram from General Chiang Kai-shek. According to a statement issued by Tseng Chung-min, Vice-Minister of Railways, prior to his depature from Shanghai, Mr. Wang is adamant in his decision to resign his two government posts, saying that he will remain in Nanking to share the responsibilities as a member of the Central Executive Committee. Mr. Wang arrived at Shanghai by airplane at noon Aug. 19 from Tsingtao, where he had been recuperating from his illness.

CABINET WILL QUIT EN BLOC IF WANG INSISTS ON RESIGNING

Dr. H. H. Kung, Acting President of the Executive Yuan, declared Aug. 20 that the the Cabinet would resign en bloc if Mr. Wang Ching-wei insists on resigning his posts as President of the Executive Yuan and Minister of Foreign Affairs.

All hopes are not abandoned for Mr. Wang's return. But if Mr. Wang must go, then his ministers will retire with him together, Dr. Kung said.

REORGANIZATION OF NANKING GOVERNMENT FORECASTED BY JAPANESE

Following the tremendous activities of the pro-European and pro-American elements, it is probable that Chu Chen, President of the Judicial Yuan, will be appointed successor to Wang Ching-wei as President of the Executive Yuan, acuording to a Tokyo report in the *Shanghai Mainichi* Aug. 16.

With a view to easing the present crisis, General Chiang Kai-shek is inclined to create a united cabinet, with the participation of pro-European and pro-American members, as well as with the southwestern leaders. In this connection, the following measures are said to have been decided upon:

1) That Dr. H. H. Kung will remain at his post as Minister of Finance, so as to strengthen the financial foundation of General Chiang.

2) That the Ministries of Railways and Communications, will be amalgamated into one new Ministry of Communications, and that Dr. T. V. Soong be appointed Minister.

3) That some important posts be given to the south-western leaders.

4) That the above-mentionned measures, as well as the policy towards Japan, will be discussed and decided upon at the coming session of the CEC;

5) That if the worst comes to the worst, no Minister of Foreign Affairs will be appointed by the Government, and the vice-minister will have charge of the affairs of the Ministry.

The selection of a successor to Wang Ching-wei, is the main question of the moment, the *Shanghai Mainichi* declared in its editorial Aug. 14. The paper expressed the view that the "Wang" clan is on its way out and blamed the situation on the obstacles placed in the way of the Foreign Minister by the "American-European," the "Central" and "Southwestern" factions. The *Mainichi* regards as unlikely that Gen. Chiang Kai-shek will adopt the views of the leaders of the "Central" group, the Chen brothers, Chen Li-fu and Chen Kuo-fu, and establish a strong "Fascist" cabinet. Nor does it believe possible the appointment of a member of the "American-European" group as likely.

"We believe that Gen. Chiang will continue his 'double-faced" policy, by appointing a Minister of Foreign Affairs and a President of the Executive Yuan, who will be acceptable to Japan, and to continue to pull the wires behind this smoke screen."

DR. WANG CHUNG-HUI TO BE MINISTER OF FOREIGN AFFAIRS

As a result of repeated negotiations between the Wang Ching-wei clique and anti-Wang group, Dr. Wang Chung-hui will be appointed Foreign Minister, according to a report in *Shanghai Mainichi* Aug. 17. Both Chen Li-fu, Head of the Organization Department of the Central Headquarters, and Chen Kuo-fu, Chairman of Kiangsu, are insisting that a new committee of Foreign Affairs be organized and attached to the Standing Committee of the C.E.C.

That the Executive Yuan must be a responsible cabinet and that interference in the affairs of the Yuan by the Standing Committee of the C.E.C. must be diminished, will be insisted upon by Wang Ching-wei and his adherents as conditions for Mr. Wang's withdrawal of his resignation, according to a report published in the *Shanghai Mainichi* Aug. 17.

Declaring that the Japanese Army was not interested in personalities, but in the policies of the Nanking government, a spokesman for the Japanese military attach's office in Shanghai declined to discuss the reported selection of Dr. Wellington Koo, Chinese Minister to France, as Minister for Foreign Affairs succeeding Wang Ching-wei. He said:

"We are interested in the policies of the Nanking government. So long as the policies of the Chinese government do not change, we shall have to follow our convictions without altering our attitude, no matter how many officials may change."

PROSPECTS OF NANKING-CANTON RAPPROCHEMENT BRIGHTER

A *Reuter* report from Canton Aug. 19 stated that the relations between the Central Government and Southwest have considerably improved and that the prospects for a rapprochement are very hopeful. It is noteworthy that Hsiao Fu-chen, the aged member of the Southwest Political Council who has been very outspoken in his attacks on Nanking, has decided not to return to Canton from Siam.

Meanwhile, much importance is being attached to the reported that Dr. Wang Chung-hui is leaving for China with Chen Tien-ko, a close adherent of Hu Han-min. It is believed in Canton that Dr. Wang has completed negotiations with Mr. Hu in Switzerland, and is returning to China to arrange the details of a rapprochement between Canton and Nanking. He is likely assume the post of Foreign Minister when the rapprochement becomes a fact. Dr. Wang is due to arrive at Hongkong early in September.

Teng Hai-on, superintendent of Customs at Shanghai, Sun Chia-chieh, personal representative of General Chen Chi-tang, Commander-in-Chief of the Kwangtung Army, and General Chiang Po-cheng, representative of the Generalissimo in South China, who are believed to be endeavoring to fulfill an important political mission, are now in Canton conferring with Southern leaders.

Several important changes in military posts in Canton are now confirmed. It was announced on Aug. 16 that General Chen Chi-tang intends to transfer General Lin Shih-ching, commander of the Kwangtung Gendarmes, to the post of vice-president of Whampoa Military Academy, to succeed General Tu Yick-him, who will be appointed chairman of the Air Defense Council. General Li Shu-chung, second-in-command of the First Army, will be appointed to the post vacated by General Lin. General Lin recently headed a Military Mission to England, Europe and the United States.

HU HAN-MIN RETURNING TO CHINA IN SEPTEMBER

Hu Han-min, veteran Party leader and former President of the Legislative Yuan, who is now in Switzerland on a world tour, is returning to China on September 5, according to acablegram received by Mrs. Hu, who arrived at Canton from Hongkong Aug. 16 and conveyed the message to the various leaders there.

There have been conflicting reports concerning the political future of Hu Han-min, although it is significant that Li Hsiao-sheng, another close follower of Mr. Hu, has been appointed recently to be vice-minister of the Ministry of Selection and Record of Officials. This is interpreted in Canton to mean that Mr. Hu will shortly go to Nanking.

SUN FO MAY BECOME PRESIDENT OF EXECUTIVE YUAN

According to Hongkong *Kung Shan Jih Pao*, Wang Kung-lun, member of Legislative Yuan, who is now visiting Canton, has been sent by Sun Fo as his personal representative to consult the southwestern authorities in connection with the proposal that Mr. Sun be nominated President of the Executive Yuan, to succeed Wang Ching-wei. After consulting the Kwangtung authorities, Mr. Wang will leave for Kwangsi to exchange opinions with Generals Li Chung-jen and Pei Chung-hsi. Following the negotiations with the southwestern authorities, the Nanking Government will probably decide that Mr. Sun be appointed Acting President of the Executive Yuan.

The *Kung Shan Jih Pao* in Hongkong reported Aug. 10 that the Japanese have demanded that the Nanking Government abolish Kuomintang, and for this reason the forthcoming Six Plenary Session of the C.E.C., and the Fifth Congress of the Party, can not be held at Nanking.

According to one of the members of the Southwestern Political Council, the Chinese authorities can make a firm and unified stand against foreign aggression, only upon the materialization of the measures which were proposed by Hu Han-min. The Southwestern leaders are paying close attention to the development of the movement, which is aiming at the abolition of Kuomintang.

FÊNG YU-HSIANG MAY ATTEND C.E.C. MEET

General Feng Yu-hsiang, formerly Commander of the Kuominchun and popularly known as the "Christian General," who has been leading a life of retirement during the past two years on the sacred mountain, Taishan, is now very much concerned with national affairs. It is reported that General Feng may emerge from his retirement and come to Nanking to attend the C. E. C. Session.

CHIANG SAID TO DESIRE ECONOMIC ACCORD WITH JAPAN

General Chiang Kai-shek and other leaders of the Central Government earnestly "desire to see the realization of Sino-Japanese economic co-operation," declared General Chiang Tso-pin, Chinese Ambassador to Tokyo, in an interview with *Rengo* Aug. 20 at Nanking. Such co-operation is mutually beneficial to the two countries and he will strive

to promote it in collaboration with the Japanese authorities, Gen. Chiang added. His return to Japan, the Ambassador said, is being made at the instance of Gen. Chiang Kai-shek.

TAO SHANG-MIN RELEASED AFTER 12-DAY DETENTION BY JAPANESE

Tao Shang-min, former administrative Inspector of the Luantung area of the Demilitarized Zone in North China, who was "detained for investigation" at the Japanese Legation guard barracks in Peiping on August 5, was allowed to go home at 2 p.m. Aug. 17. His detention formed the subject of an official Chinese protest with the Japanese Embassy in Ninking. No statement was made in connection with his release.

According to information from diplomatic sources in Nanking, the Japanese Embassy so far has not replied to the Chinese protest against the illegal detention of Tao Shang-min by the Japanese Military Attache Office at Peiping.

NEW COMMANDER OF JAPANESE FORCES IN NORTH CHINA ANNOUNCES POLICY

Press reports on the Sino-Japanese co-operation in the economic development of North China are incorrect, because they tend to give the impression that Japan contemplates an economic annexation of the region. This declaration was made on his arrival at Tientsin from Changchun Aug. 19, by Maj.-Gen. Hayao Tada, the new commander of the Japanese forces in North China, in an interview with *Rengo*.

"What we sincerely desire is to promote intimate relations with our neighbor, China. The "sovietization" of China's border regions, Maj.-Gen. Tada said, was an obstacle to Sino-Japanese co-operation. Communistic activities in China, he added, should be prevented through a concerted effort on the part of China and Japan.

Maj.-Gen. Hayao Tada left Tientsin Aug. 21 for a nine-day inspection trip of various units stationed along the Peiping-Mukden Railway.

Lieut.-Gen. Yoshijiro Umetsu. Maj.-Gen. Tada's predecessor in the office, who has been appointed to command the Second Division, left Tientsin for Japan Aug. 20.

MANCHUKUO TO ESTABLISH DIPLOMATIC ORGAN IN NORTH CHINA

Asahi Shimbun reported Aug. 7 that in view of the fact that relations between Manchukuo and China have recently become more important, the Manchukuo Government has decided to establish a special diplomatic organ in China as a provisional measure pending recognition of Manchukuo by China. North China will first be chosen as the seat of the organ owing to its particularly close relations with Manchukuo.

On account of the fact that no treaty exists between the two countries, lack of facilities, which would connect them organically, has been felt, especially after the settlement of the North China incident. As establishment of Manchukuoan consulates in Chinese territory is impossible when China has not yet recognized Manchukuo, a provisional organ, which will informally conduct diplomatic affairs in North China, is planned to be set up. The work of the projected organ will be (1) rectification of Sino-Manchukuoan trade relations, (2) protection of the lives and property of Manchuoan residents of North China, and (3) promotion of diplomatic co-operation between Manchukuo and China and fulfilment of other important diplomatic missions.

PEIPING-LIAONING RAILWAY RAIDED BY BANDITS

Reuter reported Aug. 16 that a daring hold-up, in which two Chinese and a Japanese lost their lives, occurred shortly after 11 p.m. Aug. 15, when a gang of about 70 bandits, who had boarded the Peiping-Liaoning through express at Shanhaikwan, overcame all resistance offered, despoiled many of the travelers of cash, valuables and other belongings, and decamped. The bandits, who went aboard the train as passengers, first went into the dining-car and, after demanding the takings, shot dead a Chinese conductor who attempted to resist. The desperadoes then made their way to the third-class car next to the locomotive and proceeded to rob the passengers. A fierce fight ensued, during which a Chinese train guard and a Japanese passenger were killed, and many other people wounded. Immediately on the arrival of the train at Chinwangtao, a search for the bandits was instituted, but only a few suspects were arrested.

The bandits appeared to have concentrated particular attention on the Korean passengers, many of whom come into China from Manchuria daily with bundles of Chinese bank-notes seeking to exchange them for silver. There were several such Koreans aboard the train and it is reported that the bandits made a clean sweep of the banknotes they were carrying. It is also stated that other passengers were not molested. When the train arrived at Peiping, Japanese gendarmes met it and arrested six Korean passengers who were taken to the Japanese Embassy for examination.

Rengo reported that the robbers escaped with booty estimated at $10,000. The wounded, fifteen Koreans and four Chinese have been brought to Shanhaikwan and placed in hospital.

According to Japanese reports, the robbers rushed through the train, screaming "Death to all Japanese!" and "We will not hurt any Chinese!" This has led the Japanese military authorities to believe that they may have belonged to a band of former Chinese volunteers who have turned bandits and are operating in the Great Wall Area.

A reward of $5,000 has been offered by the Peiping-Liaoning Railway Administration for the capture of the bandits who held up the Peiping-Shanhaikwan express on August 15 at Shihho.

JAPANESE MAY STATION GUARDS ON TRAINS

The possibility of the Japanese authorities demanding that Japanese guards be installed on Peiping-Liaoning Railway through trains as a result of the bandit outrage in the night of Aug. 15, is voiced in Japanese quarters in Peiping. The Japanese military authorities claim that the Chinese guards aboard the looted train were wholly to blame for the incident.

WANG KEH-MIN RESIGNS BECAUSE OF LUANCHOW AFFAIR

Wang Keh-min, the acting Chairman of the Peiping Political Council, tendered his resignation to the National Government, Aug. 15 in view of the situation created since the Luanchow incident, according to *Shanghai Mainichi* Aug. 17.

Mr. Wang is facing extreme difficulty in the Luanchow question. However, it is pointed out by many circles that his resignation is closely connected with that of Wang Ching-wei.

TAKAHASHI DERIDES NANKING PROTEST AGAINST AIR FLIGHTS

The Foreign Office at Nanking on Aug. 17 protested to the Japanese Embassy against the frequent flights of Japanese airplanes over the Tientsin and Peiping area without previous permission being granted by the Chinese authorities. The protest requests the Japanese authorities to put an end to such flights.

Lieut.-Col. Tan Takahashi, Japaneese assistant military attache, declared Aug. 17 that the protest filed with the Japanese Embassy by the Chinese Government over flights by Japanese airplanes over the Peiping-Tientsin area was unfounded.

"Flights of our military airplanes are sanctioned under the terms of the Tangku Truce Agreement," he said after remarking that the Nanking authorities appeared to have "developed a sudden liking for protests."

"Anyway that is nothing new. We have been flying around Peiping ever since the truce agreement was concluded two years ago. It seems to me that the Nanking government lacks knowledge of what is going on," he added.

WAR ZONE ADMINISTRATION TO BE REORGANIZED

Negotiations on the reorganization of the administration of the Demilitarized Zone are said to have been commenced with the Chinese authorities following the arrival in Tientsin of Maj.-Gen. Hayao Tada, new commander of the Japanese forces in North China, according to a *Rengo* report. The negotiations will parallel conversations on the settlement of the Luanchow affair of Aug. 4.

The desire to reorganize the Zone Administration was reportedly stimulated by the appearance of strong bandit troops in the area. A hand of about 3,000 outlaws, styling themselves the Hopei Army, are reported to be near Malanku, West of Lunghwa, proceeding towards the East Mausoleum. Meantime, all transit facilities between Miyun and Kupeikou have been suspended since Aug. 16 with the appearance of 300 mounted bandits southwest of Kupeikou.

In view of the rampancy of bandits in the Demilitarized Zone, the Chinese authorities in Peiping are negotiating with the Japanese military for an increase of the police force in order to suppress the marauders there. No definite decision, however, has yet been made in this regard.

According to latest information from the Chihsien-Miyun Special Administration Office the outlaws are still occupying Shihhsia, a small town south of Kupeikow in the Chihsien-Miyun area. Alarming reports have also been received in Peiping from the Shannaikwan-Luanchow Administrator's Office stating that bandits are threatening Chienan and its surrounding districts.

In view of the growing seriousness of the bandit situation in the Demilitarized Zone, General Shang-Chen, chairman of the Hopei Provincial Government, summoned an urgent meeting on Aug. 16 of Col. Chang Ching-yu and Col Chang Yen-tien, commanders of the Peace Preservation Force in the Zone, and discussed with them effective measures for the suppression of the bandits there. Ying Ju-kong, administrative inspector of Luantung-Shanhaikwan Area, was also present at the meeting. According to a report from Luanchow, the total number of the bandits under Ma Hung-wu is about 3,000 and they are now concentrated in the vicinity of Tangyangho, east of Shanhaikwan.

JAPANESE SPECIAL SERVICE TO BE ORGANIZED IN SUIYUAN

Negotiations are being carried on between General Fu Tso-yi, Chairman of Suiyuan, who is now visiting Peiping, and Col. Takahashi, Japanese Military Attache, in connection with means for preventing the Communists in Outer Mongolia and Shensi from combining, according to a report in *Shanghai Mainichi.*

It is reported that they have agreed thatt, as a first step, a Japanese special service be organized in Suiyuan, which will be charged with making a thorough investigation of the present conditions of the Communists in Shensi. Measures are being taken by General Fu to contact the authorities in Ninghsia, where, General Fu suggests that a similar Japanese special service be established.

TSINAN JAPANESE PROTEST AGAINST ALLEGED MISTREATMENT OF TWO CIVILIANS

Rengo reported Aug. 15 that a strong protest has been filed by the Japanese authorities in Tsinan with the commander of the Chinese forces against the alleged mistreatment of two Japanese civilians by a group of Chinese soldiers on Aug. 13.

The two Japanese, Mitsuta and Mitsushita, returning from a party in honor of Lieut.-Col. Tadashi Hanaya, army representative stationed in Tsinan, were surrounded by from 70 to 80 Chinese soldiers near Peikwan, in the suburbs of Tsinan, they told the Japaneese authorities. The two Japanese said that that they were ill-treated and strongly bound, but were rescued by members of the Peace Preservation Corps.

A group of prominent local businessmen and political leaders, under the leadership of Cheng Keh, Mayor of Tientsin, are discussing measures for the formation of a society to promote Sino-Japanese economic co-operation, according to a *Rengo* report. The society will be known as the Oriental Economic Association.

As the result of the last conferense held at Changrhun by representatives of the Kwantung Army and the Japanese troops in China, represented by Major-General H. Tada, the new Japanese Commander, both sides have agreed to the following measures, according to *Shanghai Mainichi.*

1) Joint measures to be taken for the settlement of the recent Luanchow incident, and the raid on the Peiping-Shanhaikwan train,

2) Concrete action to be taken by Chinese, Manchuria and Japaneese authorities against the eastward advance of the influence of the Soviet Union,

3) With regard to the economic development of North China, the capital of Japanese and Chinese capitalists to the pooled with the SMR and assistance rendered by the Japanese Army to facilitate the carrying out of measures for the construrtion of a net-work of rommunications, and the development of natural resources.

On August 12 *North China Daily News* reported the issue by the Chinese authorities of certain special instructions regarding anti-Japanese propaganda. The Japanese Embassy denied on Aug. 15 the accuracy of this statement.

NIPPON PAYS TRIBUE TO CHIANG FOR FIGHT AGAINST REDS

Paying high tribute to the "perseverance of the Central forces, which at times carried out feats wholly unexpected of Chinese troops," *The Shanghai Nippo* on Aug. 14 editorially urged the leaders of the National Government and of the Kuomintang to endeavor to "carry on internal administration smoothly" so that Gen. Chiang Kai-shek may better fight the Communists in the west. After describing the increeasing probability of a merger of the forces under Chu Teh, Hsu Hai-tung and Mao Tse-tung in Kansu, the newspaper adds that little can be expected from the Central forces there at present. The *Nippo* however expects to see Gen. Chiang continue his pursuit of the Reds as soon as the situation in Szechuan is settled. To achieve this, agrarian reforms, financial reconstruction and a lisuidation of the Szechuen militarists will have to be carried out, the newspaper believes.

SERIOUS SITUATION IN KWEICHOW AS MORE TROOPS MUTINY

More than 10,000 soldiers in Kweichow including three regiments under Kiang Yung-hwa, Pee Teh-pei, and two others under Yang Chao-cho, have mutinied against the Central as well as the Provincial Authorities in Kweichow, and are continuing to appeal to the Southwestern authorities for recognition, according to a report *Kung Shan Jih Pao,* Hongkong.

Following repeated negotiations, both Gen. Chen Chi-tang of Kwangtung and Gen. Li Chung-jen of Kwangsi, have decided to accept the mutinous force which will be reorganized into one division. Gen. Hwang Kuo-liang, member of the General Staff of the Kwangtung, forces has been sent with $100,000 to Kweichohw to receive the mutineers.

According to a belated report from Kweiyang, the mutineers who constitute the majority of the army formerly under the command of General Wang Chia-lieh, former Chairman of Kweichow, are busily engaged in digging trenches on the border of Kwangsi, Hunan and Kweichow in preparation for an attack by the Central and Hunan provincial forces. The mutineers are now under the control of a military committee which is newly organized, and which is made up of commanders of the regiments. They are now maintained by taxes which are levied in the districts in the vicinity of Hunkiang and Yungkiang, where large sums in opium taxes are also being collected by the mutineers. They are also subsidized by several of the former directors of departments of the Provincial Government during the regime of General Wang Chia-lieh. It is revealed that the mutinous troops in Kweichow are well-organized, and are supported by a certain side. Under these conditions, 20,000 more soldiers will join their ranks.

It is further reported that the whole regiment under Tu Shao-hwa has demanded that the high authorities pay their salaries for the past six month. Gen. Tu has appeared to the commander of the division, General Pei Hwei-chan, to comply with the demands of the soldiers, in order to prevent them from mutiny. General Shi Pei-sen, former Chief-of-Staff of the 25th Army under General Wang Chia-lien, has been instructed by Gen. Chiang Kai-shek to overcome the dissatisfaction of the mutinous force. The mutineers have categorically refused to obey an order of the Central authorities transferring them to Szechuan for the suppression of the Communists.

Generalissimo Chiang Kai-shek's Appeal for Flood Relief and Economic Reconstruction

THE tragic calamity from floods that has descended upon those Provinces through which the Yangtsze and Yellow Rivers flow has caused Generalissimo Chiang Kai-shek to make a nation-wide appeal for relief, for rehabilitation, for "quick and deep realization of our mistakes in the past," and for determined development of natural resources under the impetus of the People's Economic Reconstruction Movement.

In a circular telegram to the various Provincial Government on August 9 the Generalissimo pointed out that if in the past attention had been paid to the development of such important works as river conservancy and afforestation, and if the local authorities and the people had maintained the dykes and dams in good order, repetition of disasters would have been averted.

"If after suffering this time, we still do not repent, and do not rise up in a body to work out our own salvation, then it is," he says, "the real doom of our existence as a race." His last telegram to conscript refugees to strenghthen dams and dredge channels was, he points out, but a temporary measure to give aid to the sufferers. A permanent prevention of calamity could only be achieved by the utmost continuous exertion of all citizens.

Afforestation must be carried out by all means by various high provincial authorities, and they must concentrate attention upon conservancy works and the safeguarding of farm lands from floods, he enjoins, while every other known measure to give relief must be employed. But effort must go further, he continues: "The economic condition of our country has now reached its most critical point, the excess import for the first half of the year has exceeded the enormous figure of $280,000,000, and both cities and rural villages are on the verge of bankruptcy. To make conditions worse, more than 10,000,000 people in the four provinces of Hunan, Hupeh, Kiangsi and Anhwei, as reported by the Famine Relief Commission, have been rendered destitute, and public and private losses total over $500,000,000, excluding the figures of Honan and Shantung, which are terrible in themselves.

"The most essential thing to be done is to concentrate National attention upon reconstruction of the people's economy. Fundamental measures of reconstruction must be taken up. The People's Economic Reconstruction Movement provides one means of promoting national welfare and salvation. Its most important measures are eight in number:

"1—All works such as road building, river dredging, dyke construction, dam repairing, afforestation, and exploitation of uncultivated land, which requires abundance of labor, should be done under the labor conscription system. Labor must be conscripted to abolish laziness and selfishness and encourage co-operation in all public service that tends to increase production.

"2—The improvement of methods of farming, the increasing of farm products, the provision of financial facilities to farmers, the systematization of means of transportation of farm produce, the reduction of burdens lying upon the farmer, and the promotion of rural co-operative work should be pushed forward with all speed so that the primary aim of making food supplies self-sufficient may be realized. Simultaneously efforts should be exerted in the direction of increasing the production of raw materials for industrial purposes.

"3—A survey must be made of all forests, pastures, and uncultivated land so that it may be exploited. Where large numbers of laborers are required immigration on a large scale shall be arranged, or plans drawn up for military agriculture. Cattle and sheep raising, as well as agriculture, must be improved and intensified.

"4—Co-ordination production, of and consumption must be arranged in order to conserve financial power. The kinds and quantities of commodities consumed must be investigated, and with the help of business organizations and co-operative societies supply and demand shall be adjusted.

"5—The establishment of industries to use the raw material produced must be encouraged. The Government's technical experts and the various industrialists must exert themselves to improve methods of production and quality of products. Village industries to supply the simple requirements of villagers and utilize farm products for manufactured goods must be developed systematically and as soon as possible.

"6—Mineral deposits must be investigated and exploited in order to provide work for laborers and supplies for industries. Steps must be taken to remove the superstitions of the people against mining enterprises; to remove restrictions and obstructions to those engaged in mining; to improve the method of mining, and to encourage investment in mining.

7—Means of communication must be improved and expanded. Every facility must be provided for the transportation of goods. Motor road construction must be extended between districts and districts, and provinces and provinces. Waterway and railway construction must be bettered. Packing and transportation agencies for the good of the public must be established.

"8—Financial accommodation must be provided upon easy terms. Standard currency must be established. Rural credit systems must be extended, as well as co-operative organs. Usury must be suppressed, and thrift encouraged.

American Red Cross Sends Aid for Flood Sufferers in China

The American Red Cross Aug. 13 sent a gift of U. S. $100,000 to the Government of China for the relief of flood victims and added a message of sympathy on the occasion of the disastrous overflowing of the Yangtze River.

The China International Famine Relief Commission Aug. 19 cabled to the China Flood Relief Commission in New York, asking that steps be take to raise funds for the relief of the homeless and destitute flood victims in this country.

300,000 Mow of Farmland in Kiangsu Washed Away by Flood Waters

About 300,000 mow of farmland were washed away as a result of the Yellow River overflowing the Lunchia Dam on the southern bank of the Weishan Lake in Northern Kiangsu. Scores of villages around Changkushan, Lunshan and Hupeng lying in the west of the Weishan Lake are reported to have been completely inundated as the flood waters rushed in from the southern end of the swollen lake.

A gloomy atmosphere of hopelessness prevails in regions west of the Weishan Lake, in north Kiangsu, as people began on the night of Aug. 20 to flee elsewhere to seek refuge after abandoning all human efforts in flood prevention work as absolutely futile. At Changkushan, all available labor was mobilized during the night in an eleventh hour attempt to build two temporary dykes in the northern suburbs to check the possible invasion of flood waters from the lake.

A serious situation has been created at Changkushan, for, hard pressed by waters from the rising Weishnn Lake and from the Yellow River flowing downstream from West Shantung, the Lunchia and west dykes, on the Kiangsu-Shantung border, have been found to be unable to hold out any longer. Despite many detentions by force by the local polices, large numbers of people from Changkushan and neighboring villages have fled to safer places.

Meanwhile, Fenghsien, Peihsien, and Asiaohsien, lying to the west of Hsuchow, are threatened by flood as a result of the pessimistic policy adopted by the Changkushan populace.

In consequence of the terrific pressure of the Yellow River flood waters on the Weishan Lake, in the Shantung-Kiangsu border, the water lock between the Lake and the Grand Canal at Hanchuang, southern Shantung, and the water-sluice at the Chi River in the neighborhood broke down Aug. 17. As the damaged embankments of the Canal could not hold out, the overflow continued and is further aggravating the flood situation in that part of the province. A message from Chuancheng, western Shantung, stated that while the waters at the first five gaps of the Linputse-Tungchuang Area have subsided considerably, revealing patches of muddy land, another portion of the Yellow River dyke east of the sixth gap has collapsed and the waters are rushing towards the southeastern part of the province.

Kansu Residents Ask Special Pardon for Gen. Chen Shu-jen

A special pardon for General Chin Shu-jen, formerly Chairman of the Sinkiang Provincial Government, who is now serving a sentence of 3 years and 6 months at the 1st Prison of the Kiangsu Provincial High Court for treason against the State by inviting foreign menace to the Republic, is requested by the Kansu Residents' Association in a petition to the Central authorities. General Chin is a native of Kansu. The petition points out that since the provisional commercial agreement concluded by General Chin with the Soviet authorities has been declared null and void, no derogation has been caused to the sovereign rights of the Republic. A special pardon should therefore be granted by the Central Government, the petition asks.

Chahar Bandits Kill Gareth Jones, "Guardian" Correspondent

The bandits who had caught Gareth Jones, correspondent of the *Manchester Guardian* and had taken him to Chahar province, shot him dead on or about Aug. 12, and left his body at a point 30 miles southeast of Paochang. First news of the tragedy came in the shape of a telegram from the Paocheng Peace Preservation Corps, relayed to Peiping by Capt. Millar of the British Military Attache's office from Kalgan.

The body was identified by Dr. Herbert Mueller, Peiping representative of the German news agency, Duetsches Nachrichteubuero, who was taken captive together with Mr. Jones, but later given his liberty to arrange for the payment of the ransom demanded for the release of the British journalist.

When the news reached Kalgan that Mr. Jones' body had been found, a squad of the Peace Preservation Corps was despatched to round up the bandits. They came up with the outlaws at a village 70 *li* south of Paochang, and a sharp encounter followed, during which five of the gang which captured Mr. Jones were killed, and one wounded and taken prisoner. The wounded man told members of the Peace Preservation Corps that Mr. Jones had been forced to ride many miles and became very tired. When he could no longer keep up with his captors they shot him.

Representations have been made by the British Embassy to Nanking asking that an inquiry be made into the circumstances attending the death of Mr. Jones and that the guilty parties be apprehended and punished. The Foreign Office replied orally that instructions to this effect had already been issued.

Official information was to the effect that the late Mr. Jones and Dr. Herbert Mueller, prior to their captivity by bandits, approached the Chinese authorities at Kalgan for permission to travel in inner Mongolia. They were warned about the rampancy of banditry in that part of China and were asked to reconsider that decision. Despite Chinese warnings, it is stated, the two foreign journalists insisted upon making the trip. They signed a pledge relieving the Chinese authorities of all responsibilities should anything untoward happen to them. Even with their signed pledge, it is reported, the foreign journalists were advised by the Kalgan authorities to travel only as far as Erhnien and Pailingmiao. The two adventurous journalists, however, proceeded to Dolonor by way of Pengkiang and on their return trip went by way of Paochang, Huangchitayingtse and Haipaiya instead of going by the main route through Kuyuang. They were kidnapped by bandits at Makouchuan. Failure on the part of the Chinese authorities to effect the release of Mr. Jones, according to official circles, was due partly to the present "exceptional" situation of Chahar and partly to the difficulty in locating the whereabouts of the bandits.

Official circles in Nanking are reiterating previous warnings to foreigners who wish to travel in the interior and frontier regions of China. Hopes are expressed that hereafter foreign nationals should exercise greater caution and follow strictly the advice of Chinese authorities in avoiding places considered unsafe under varying circumstances.

Route Recommended by Japanese

Dr. Mueller revealed Aug. 20 that the route he and Mr. Jones were following when they were attacked by bandits was not of their own choosing, but had been recommended to them by the Japanese military authorities at Dolonor. "The reason we did so," he added, "was that the Japanese military authorities at Dolonor declared that all other routes were impracticable, and dictated to our party the stations to be passed by us, namely Hungchitayingtse, Szelangcheng, Habarga and Paochanghsien." He denied that the local authorities warned them to go only as far as Erhsien and Pailingmiao. On the contrary, they were given permission, valid for one month from July 11, to travel in Inner Mongolia. No warning was given to them not to proceed beyond Erhsien and Pailingmiao to Dolonor.

Daring Hold-Up of Peiping-Liaoning Train by Bandits

An exceptionally daring hold-up was committed on the night of Aug. 15 by a group of unidentified bandits aboard the Shankaiwan-Peiping express train which left the Great Wall pass at 10.45 o'clock. The bandits, some 20 strong, were fully armed. They thoroughly ransacked the first-class coach, relieved the passengers of many of their valuables, and, after they had killed four and wounded a dozen railway guards and others during a gun battle which ensued, made good their escape in scattered directions.

The bandits, who were disguised as passengers, boarded the train at Shanhaiwan. Shortly after the train had left the station all the bandits who were travelling in the third-class coach at a signal rushed out and some locked the door leading to the baggage car where the guards were staying. Having taken this precaution, they went up to the first-class coach where they started to loot the passengers. In the meanwhile the guards had managed to unlock the door to the baggage coach and came out to encounter the outlaws. A gun battle followed during which one Korean and two Chinese, one of them a railway guard were killed. Fifteen Koreans and four Chinese, were wounded.

As an inducement to the public to assist in the apprehension of the bandits, a reward of $5,000 has been offered by the Peiping-Liaoning Railway Administration for the capture of the highwaymen who held up the Peiping-Shanhaikwan express on August 15 at Shihho. According to investigations made by inspectors sent out to look into the robbery case, the primary motive for holding up the express train was the bandits' previous knowledge that an amount of over $10,000 silver was being transported aboard the train.

Lieut.-Col Tan Takahashi, assistant military attache in Peiping called on Wang Keh-min, Acting Chairman of the Peiping Political Affairs Readjustment Commission, Aug. 17 to direct the attention of the latter to the bandit raid. The representations were made following Lieut.-Col. Takahashi's hurried trip to the Capital the from Tientsin.

Japanese Party Attacked Within Zone

Two small river craft, carrying Naosuke Nakane, Vice-Consul in Chengteh, Jehol, and nineteen other Japanese military and civil officials, were fired upon by Chinese local militiamen near Sanhochiao, on the Luanho River, on August 13. The group left Chengteh on August 11 on a trip of investigation of the river facilities. When the attack occurred, at 10.55 o'clock at night, the members of the party landed and apprehended the leader of the attacking band. The man was taken to the Japanese gendarmerie office in Chienan. These were no casualties. Sanhochiao is just south of the Great Wall, within the demilitarized zone.

Bandits Said Still Active in War Zone

In view of rampancy of bandits in the demilitarized zone the Chinese authorities have negotiated with the Japanese military for an increase of police force in order to suppress the marauders there. According to reports from Tangshan, bandits numbering more than 4,000 are extremely active along the Great Wall passes.

28,000 Bandits Remain in Manchukuo

About 28,000 bandits still lurk in the wooded mountains of Manchukuo, according to officials of the Kwantung Army. A statement issued in Hsinking, Aug. 21, contained the information that in September of 1932 there were 212,000 bandits in Manchuria. This number was reduced to 66,000 a year later and to 34,000 in September of 1934. Of the 28,000 active bandits today, 8,000 are anti-Japanese and anti-Manchukuo groups; 7,000 are communists; 500 are Korean brigands, and the rest are what the Army calls the "professional bandits."

Japanese Army Corps Reports Hundreds of Bandits Killed

Hundreds of bandits were killed and scores of their captives released in the series of punitive raids conducted by Japanese and Manchukuo troops throughout the country during July, it was announced in Changchun Aug. 18.

The Iwagoshi Corps, engaged in clearing the Pingchiang province, eastern Manchukuo, and the northern frontier districts of the outlaws, reported 52 encounters during the month, involving about 4,300 bandits. The Corps lost nine men killed and 26 wounded, while 215 brigands were killed, nine kidnapped persons rescued and a large quantity of military equipment captured. Almost a half of the bandits encountered by the punitive force were in the frontier regions. The bands were led by Tzu Laihao, Tung Hai-shing, Chiu Kou, Pa Ho, Ko Shan and others.

In Chientao Province, bordering on Korea and the Soviet Maritime Province, a renewal of banditry was reported with the beginning of the kaoliang season, the high kaoliang stalks providing shelter to the outlaws. There were 42 bandit attacks during the month, involving about 1,200 brigands. Property loss during the period reached Yen 16,760, as compared with Yen 22,935 for the preceding seven months of the year.

The so-called "professional bandits" were the fewest numerically, and were led by Tien Ho and Chiu Mi. The first Army of the Manchukuo Government reported 43 encounters with the bandits during the month, involving nearly 2,600 bandits. In these combats 91 outlaws were killed, 111 wounded and seven captured, while 47 captives were released by the punitive forces. The troops' losses were three men killed and three wounded.

Chinese Soldier Executed for Slaying Captive

Wu Ting-heng, a Cantonese soldier who kidnapped Wu Han-ching a wealthy overseas Chinese in Enping Hsien last October and murdered him after obtaining $30,000 from his family, was executed in Peiping Aug 13.

After murdering his victim, Wu went North under an assumed name and enlisted in the 61st division in Peiping. As soon as his identity was discovered he was placed under arrest and tried by courtmartial of the Peiping garrison commander, General Wang Shu-chang.

MANY GET RICH QUICK

schemes are floating around. But they all entail considerable risk of loss and liability.

THERE IS ONLY ONE

way to get rich quick without

"LOSING YOUR SHIRT"

in case of failure. That is by way of the

國民政府航空公路建設獎券

STATE LOTTERY

NEXT DRAWING: 6th SEPTEMBER

●

TICKETS

Obtainable from Banks, Stores and all places displaying the BLUE POSTER, or from the

NATIONAL STATE LOTTERY ADMINISTRATION

183-189, Avenue Edward VII,
Shanghai.

S. Y. H. CHEN,
Director-General.

(Every mail order purchaser is sent a Prize List by post)

Britain Blunders Into the Italo-Abyssinian Dispute

LONDON—The Abyssinian conflict transcends all interest in foreign policy. Not only is the London Cabinet gravely worried by the march of events, but the camouflaged abandonment of the Gold Standard by Italy, and the totally unexpected entrance of Japan into the Abyssinian scene has added to the preoccupations of our Government.

Daily, Sir George Clerk, the British Ambassador in Paris, calls on M. Pierre Laval at the Quai d'Orsay and then telephones to London for further instructions. Incidentally, Sir Samuel Hoare, who gives the instructions, and Anthony Eden, who before the advent of Sir Samuel was the "big noise" in the London Foreign Office, do not exactly see eye to eye in shaping the ends of British Foreign Policy. Mr. Eden is supposed to be the Minister for League of Nation affairs, but before this letter reaches you, the Council of the League of Nations will be in session, and I am informed that Sir Samuel Hoare will himself head the Delegation from London.

This is only a by-product of the Italo-Abyssinian conflict, but it does show what a difficult situation England has once again blundered into. It is an undoubted fact that the sympathies of the majority of our people are with the Abyssinians; one always likes to see the underdog make a spectacular hit. In this case there is very little likelihood of Abyssinia winning a spectacular victory. All the cards are stacked against her. Great Britain, however, fears an Abyssinian victory far more than she does an Abyssinian defeat. Brought down to cases, Great Britain can find the means to prevent the Italians building a dam across the Blue Nile. I understand that secret exchanges of views have already taken place between Rome and London concerning the question of Lake Tsana and the Blue Nile. Provided that the Italians obtain some money from the projected engineering feat of building a barrage, Italy will give the undertaking that Great Britain requires from her.

An Abyssinian victory over the Italians would indeed be another pair of shoes. It would be impossible to prevent the Emperor of Abyssinia riding the high horse. The dangers to the head waters of the Nile would be intensified, and a punitive expedition against the Abyssinians out of the question. Neither is that the whole chapter. A defeat of a white race by a black race would very possibly cause considerable unrest among the colored peoples of the British Empire. This is a fact that cannot possibly be discounted.

Japan enters the Abyssinian scene not only to annoy Italy, a country which has certainly adopted a provocative attitude towards her, but also to further the Pan-Asiatic movement. Japan, the champion of the colored races. Great Britain latterly has been soft pedalling her Far Eastern policy. The rule has been: "Do nothing to annoy Japan". Sir Alexander Cadogan's reports to the Foreign Office here have been causing much interest among the permanent officials, but they have not had the slightest effect on the anticipated gingering up of policy towards Japan. For the present, the British policy in the Far East is closely following that of Lord Rothermere, who every week preaches in his *Daily Mail* the necessity of allowing Japan to do as she likes. The Press Baron has got himself into rather a muddle with his pro-Italian policy because while he says that nobody in this country is interested in the Abyssinian quarrel, yet almost daily he whips up his readers to applaud the Italian policy of aggression.

Many people here believe that Japan is bluffing her way back into the Concert of European Powers, after having left Geneva, banging the door behind her.

M. Pierre Laval has promised the London Government he will go to Geneva to try and mediate between Italy and Abyssinia, but his chances of success are very small. On the Continent, the Japanese intrusion into the quarrel of Italy and Abyssinia is not regarded very seriously, nevertheless it is causing much more than casual interest in official circles here.

HARRY J. GREENWALL.

War in Africa Draws Nearer—Italians Rush Ships Through Suez Canal

War in Africa has become an even greater certainty with the virtual collapse, Aug. 18, of the three-Power conference on the Italo-Abyssinian dispute.

The number of Italian troop transports and shipments of war materials passing through the Suez Canal assumed an unprecedented extent over the week-end. Nearly a dozen ships of all sizes, including the great liner *Gange* with nearly 2,000 troops on board, went through the canal. War material was stowed away not only below but also on the decks.

Andrew Nogaitseff, former editor of the *Argus* (a small Russian weekly magazine) has commenced the registration of Russians and other foreigners in Shanghai wishing to join the Abyssinian army. Engineers, mechanics chauffeurs, machine gunners, medical specialists, nurses, etc. are invited to join. Applications are to be addressed by letter to 133 Yuen Ming Yuen Road. It is rumored that every Volunteer is to receive a free passage to Abyssinia and $24 in cash.

Japanese Plans for Exploiting North China

(By The Review's Tientsin Correspondent)

IT must now be self evident to everyone that, as a result of the "settlement" of recent incidents in North China, the Chinese Government has lost full sovereignty over its northern provinces. It is clear that, without a single shot being fired, the Japanese have succeeded in creating in North China, particularly in Hopei and Chahar Provinces, a *regime* very similar to that which existed in Manchuria before the "Incident" of September 18, 1931, when the Chinese Government could not exercise the full authority over that territory. As things stand now, there remains for the Japanese only to find a puppet to head the new regime in North China, and, judging by present indications, it is not going to be a difficult task.

Having thus patched up the political fence in North China, the Japanese warlords are proceeding with plans of exploiting the natural resources of the newly acquired "dependency". Devoting to these plans a whole article, the *Manchuria Daily News*, Dairen, wrote on July 19: "Since the settlement of the Chahar and North China issues there seems every reason to believe that *the five Chinese provinces in the north will be divorced to a great extent from the Nanking Government.* Economically speaking there will at any rate be a bloc between these provinces and Japan, with Chahar, Honan, Shantung and Hopei having strong pro-Japanese feelings. Indications point to a definite collaboration between Japan and these districts and there appears to be every ground for the belief that in the near future concrete plans for economic cooperation will ensue." (Italics are mine).

What is the guiding principle of this "cooperation"? The word "cooperation" is certainly not a proper one here, for the plans so far discussed by the Japanese appear to be rather one-sided, North China occupying therein none too honorable a place; for them, she is a fat cow which they intend to milk with enthusiasm. According to these plans, it is hoped that North China will provide Japan with those commodities which cannot be obtained from the newly acquired territory of Manchukuo, as for instance, oil, cotton and wool, besides converting her into a market for Japanese goods.

S.M.R. Will Play a Conspicuous Role

The South Manchuria Railway is to play a conspicuous role in the Japanese development of North China. It is said that, with the establishment of "Manchukuo" and driving away the Russian influence out of Manchuria altogether, the historical mission of the S.M.R. in Manchuria has been completed, and that, with North China falling into the lap of Japan, greater prospects lay there for the railway in the way of opening up that region.

The plans of extending this "friendly help" to North China are taking concrete form. Advices reaching here from Changchun indicate that the Kwantung Army authorities have decided to establish a Sino-Japanese-Manchukuo guiding and investing corporation, named the Ko Chu Kung Ssu, and capitalized at Yen 10,000,000. It is stated that Shinji Sogo, former director of the S.M.R., will be President of the new corporation. The company is sponsored by the Kwantung Army, which—according to the report—had sent one of its staff officers to Tokyo allegedly for the purpose of obtaining the approval of the Manchuria Affairs Bureau of the Japanese Government, headed—by the way—by the Minister of War *ex officio*.

As said, North China interests the Japanese warlords as a source of those commodities which cannot be offered by Manchuria. The plans, discussed by them, include the exploitation of the following principal resources:—

(1) *Fuel Oil.*—Shensi Province has long been known as having large deposits of mineral oil. There are at present about 50 fields where natural oil oozes out of ground, these fields being especially numerous in Yenchang, Fushin, Chungpin, Ichun, Chiahsien and Micken districts. These fields were first prospected by American companies, but since the Chinese Government was opposed to the exploitation of them by foreigners, no foreign concern has made any investment therein. The government controlled refinery built there for the specific purpose of developing these fields has turned out to be a poor success, as may be judged from the monthly average output of gasoline in recent years, viz.; 5½ tons in 1931, 4 tons in 1932 and 3½ tons in 1933.

This is a poor showing, indeed, which is said to be due to the high cost of production and the absence of good means of communication to the oil-fields. However, the construction of a motor highway to Yenchang, completed recently, promises to be conducive to the further development of this industry. As said, the Chinese were reluctant to allow foreigners to exploit these fields, but since the assertion of the authority of the Japanese Army in this region the Chinese objection is as good as removed with the result that these oilfields will be exploited by Japanese. Besides these oilfields, there are, according to Japanese sources, important deposits of mineral oil in Hopei Province, as well.

Japan is in desperate search of oil to propel her Navy. Her own production, including the output of Sakhalin oilfields and the Fushun plant, covering only 33.8 per cent of her entire consumption, she is wholly dependent upon foreign supplies, mostly imported from the U.S.A., the Netherlands East Indies and the U.S.S.R. . . . It is, therefore, quite plain that the tapping of oilfields in Shensi and Hopei will be their first step in North China.

(2) *Coal.*—The establishing of Japanese control over North China appears to be disastrous for the whole of China, because 85 per cent of China's coal deposits happen to be in the northern provinces, which fact places the entire Chinese industry and systems of communication under Japanese influence. They have already vast interests in coal mining in north China, controlling five coal mining companies out of 14 existing, six of them being under British control.

Hopei Province appears to lead in the production of coal, as is seen from the following figures relating to coal output in 1931 (in tons): Hopei 7,660,025, Shantung 2,093,772, Shansi 2,266,334, Honan 1,844,740, Chahar 114,500, Shensi 227,278. The Kailan Collieries, a Sino-British enterprise, having a large British capital at stake, is the largest of all coal mines in North China, its annual output amounting to 3,000,000 to 5,000,000 tons of fine quality coal. In recent years, the company has been experiencing a sharp competition from Japanese-controlled coal mines in Manchuria, the total output whereof reached, in the year ending March 31, 1935, the enormous figure of 11,410,000 tons. Of this, the Fushun mines alone produced 8,500,000 tons of coal.

In view of this situation, the future of the Kailan mines appears not to be bright, because they will not stand the competition of combined Manchurian and North China coal mines, unified under one control and assisted by cheap freight and other devices incidental to the Japanese administration generally. Therefore, there is a reason to believe that the British will be obliged to hand their interests in Kailan mines over to the Japanese, as was surmised by the correspondent of the *Osaka Mainichi* in his dispatch dated July 16. A similar action one may expect in case of British interests in the Shanhaikwan-Peiping Railway—which will mean a general exodus of foreign interests from North China, as is the case with Manchuria.

Iron Resources of North China

(3) *Iron.*—What is said about coal applies with equal force to iron. The Japanese believe that 60 per cent of China's iron deposits are situated in four northern provinces, being distributed as follows: 13,700,000 tons in Shantung, 32,424,000 tons in Hopei, 91,654,000 tons in Chahar, and 1,019,000 tons in Honan. Though in North China the iron ore and steel making industry is still in its infancy, the Japanese will probably develop it, provided they can raise sufficient capital therefor. At present, they are developing the Anshan Iron Works, where they turn out approximately 400,000 tons of steel annually at a very high, commercially, unsound, cost of production.

The annual demand of Japan for iron ore is estimated by Vice-Admiral T. Goto at 2,500,000 tons, of which Japan and Korea produce only about 450,000 tons, the balance being imported from Manchuria, China and South Seas.

(4) *Cotton and Wool.*—Though the Japanese press is full of enthusiasm about the prospects of obtaining these raw materials, so vital for Japanese industry and general prosperity, from North China, it is open to doubt whether they will be able to extricate themselves from foreign supplies in the near future. This is explained by the fact that the varieties of cotton and wool produced in Manchuria and North China are not suited for extensive industrial use, hence it is required that these varieties be changed, which will require years of careful labor. In the case of cotton, either the American type must be planted throughout Manchuria and North China, or they will have to evolve some local sort, having all the properties of the American type.

A similar situation exists with regard to sheep's wool. The present stock of sheep raised by Mongolians and Chinese is wholly unsuited for industrial purposes due to bad quality of its wool, hence the entire stock of sheep has to be replaced by merino-sheep or cross-breeds, if Manchuria and North China are to serve as suppliers of raw cotton and wool for the Japanese textile industry.

The difficulties lying in this respect appear to be evident to the Japanese themselves and to meet them they plan to establish a number of agricultural experiment stations throughout North China with a view to distributing to farmers seeds of improved cotton as well as imported merino sheep.

If they succeed in these plans, which seems not to be improbable in the course of time, it will raise a serious problem for American, Indian and Australian producers of cotton and wool, now wholly dependent upon Far Eastern markets.

Railway Projects

Of special interest are the railway projects now discussed by the Kwantung Army circles in Changchun. Three projects appear to have come in prominence into this connection, and if they are

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,,	Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr.	Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	5.50	
10.38		12.47		18.03	Stop	1.10	14.47	,,	Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,,	Tang-shan - -	,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,,	Ku-yeh - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,,	arr.						21.26		
		16.25						arr.	Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

materialized they will lay a stranglehold on the North China provinces both in respect of economics and national defences. These projects include :—

(1) The Dolonor-Gulf of Pechili Line, via Chihfeng in Jehol Province. This line will have enormous strategic importance, linking the Gulf of Pechili (its southern terminus appears to be not yet determined, but will supposedly be somewhere between Chingchow and Shanhaikwan), for it will enable the rushing of troops from the seacoast right up to the southern border of Outer Mongolia, greatly relieving the pressure upon the newly completed Chingchow-Chengteh Railway. From the economic point of view, the line will open up the eastern section of Chahar Province, said to be rich of natural resources (e.g. iron and coal), and cattle. At present, the Japanese are continuing the construction of Hulutao Harbor, abandoned following the Mukden "Incident" of 1931.

(2) The Tatung-Chingwantao Line, connecting the northern part of Shansi Province with the Gulf of Pechili at Chingwantao, a port serving as an outlet for Kailan mines. Judging by present plans, the line will run across the Demilitarized Zone, tapping its deposits of coal, iron, gold and asbestos, lying in its course. It is significant that this plan is being, according to Japanese press reports, sponsored by Yin Tung, general manager of the Peiping-Shanhaikwan Railway.

(3) The Shihchiachuang-Tsaochow Line, connecting the southern part of Shansi Province with the Shantung Railway, a Sino-Japanese joint enterprise. It will tap the coal and iron beds of Shansi and also the entire cotton belt of North China.

(4) An electric railway from Tanku to Tientsin, including the improvement of the port of Tanku, to enable the berthing of ships of 6,000 tons of displacement.

Besides these principal projects, the Japanese intend to make extensions and improvements to Chinese railways in Chahar, Shansi and Suiyuan provinces, including even the Hsuchow-Sian Line, which runs along the southern bank of the Yellow River.

The mere enumeration of all these plans is enough to give an idea of the magnitude of Japanese ambitions in the newly acquired "dependency." They are out to build an Empire out of Manchuria and North China and a surprising side of it is the fact that they are doing it practically without a shot fired. What other Powers had gained as a result of wars, they have done in the course only of four years. Expressed in terms of the population, it means that 129,000,000 of Chinese, inhabiting Manchuria and six northern provinces of China have allowed themselves to be "divorced" from the rest of their country practically without a show of resistance, unless one counts the banditry in north-eastern provinces. Would not it have been better to lose all these territories as a consequence of war?

Tientsin, August, 20 1935.

A.-O. Bank Liquidator Files Additional Suits Against Ravens

Frank J. Raven, former president of the defunct American-Oriental Banking Corporation, and his nephew, Walter F. Raven, former assistant manager of the same concern, were made defendents in actions filed with the clerk of the United States Court for China Aug. 17. The two actions involving approximately $225,000, were filed by Frank L. Hough, liquidator of the Bank. Two causes of action are outlined in the case against F. J. Raven, one asking judgment for approximately $120,000, the amount alleged to be still due on money borrowed personally from the bank on a promissory note by its president. The note was for $169,090, the bill of complaint states, about $120,000 together with interest remaining to be paid. The second cause against the former bank president asks judgment for $69,000, this sum representing, it is stated, the defendant's personal overdraft with the bank. Two causes of action also are made against Walter Raven—one for U.S.$6,000, the amount of a promissory note stated to have been signed by the defendent and the other for $30,000, together with interest, on an overdraft.

These two actions are in addition to three others filed about two months ago against F. J. Raven by M. Hough, acting as liquidator of the defunct Raven companies, and trustee of the Asia Realty Company, aggregating Tls. 405,000, or about $600,000, moneys stated to have been paid Mr. Raven in three equal bonuses of Tls. 135,000 each in 1931 by the Asia Realty Company, the American-Oriental Bank and the American-Oriental Finance Company. In two instances, the bills of complaint contain allegations of fraud.

With the filing of the two new suits, the total asked to be returned by Mr. Raven and his nephew aggregates almost $800,000. Dr. George Sellett is the attorney for Mr. Hough; Richard T. Evans, Tientsin attorney, is looking after the Raven interests.

Some Impressions of the "New Life Magazine" Case

BY C. Y. W. MENG (孟長泳)

THERE is both a marked similarity and also a marked difference between the recent incidents in the United States in which the Emperor of Japan was depicted in a manner which brought forth protests from tbe Japanese diplomatic and consular representatives in America, and the previous case of the *New Life Weekly* in Shanghai. In New York, the topical weekly *Vanity Fair* represented the Emperor of Japan drawing a cart (erroneously referred to as a gun carriage in the telegrams,) and in Seattle at a social function, an American, dressed as the Emperor of Japan, pulled a ricsha in which another American dressed as the Negus of Abyssinia was seated. The difference in the two cases lies in this: In the United States, the Japanese merely entered a protest. Here in China, the Japanese were successful in intimidating the Chinese authorities into savagely punishing the supposed offender.

Judge Chiao I-tang, President of the Supreme Court, Nanking.

We have consulted mnny legal experts, including judges and lawyers, about the legal aspect of the *New Life* Magazine case. The consensus of opinion is that "fundamentally it does not constitute a crime" (根本此罪不能成立) for three reasons: First, it lacks "criminal intention" on the part of the editor and writer of the article; secondly, what he says about the emperors being figure-heads is quite true, hence, it is not insulting; thirdly, Manchukuo is not recognized by China, so the Chinese writers commit no wrong if they call Henry Pu Yi, the so-called emperor of Manchukuo, the "puppet" of Japan.

The fact that the foreign offices in London and elsewhere do not lodge the same protests with Nanking has also convinced us that "A Gossip About Emperors" is not insulting to His Majesty in any way, and, therefore, it does not constitute a crime.

An "Analogy" Drawn

Those who have studied Japanese history might remember that sometime before the outbreak of the Russo-Japanese war of 1904, a Russian committed a crime in Japan, and was brought before the Japanese court for trial. The Tokyo Foreign Office interfered, informed and advised the court that should the prisoner be convicted, it might cause Japan to go to war with Russia. But the presiding judge answered that being a judge, he knew only to decide the case in accordance with law, and that he did not mind about the diplomatic phase of the issue. So the prisoner was convicted in accordance with law. This decision has now becomes one of the leading cases in the judicial history of Japan, and goes down in the annals of Japanese history to indicate the "independence" and "integrity" of the Japanese judicial administration. Apparently, such judges do not survive today!

Mrs. Tu's Appeal to the Highest Court

The then presiding judge of the *New Life* Magazine case handed down a decision not only putting the editor in prison for 14 months, but also denying him a further appeal. But Mrs. Tu, wife of the editor, in defiance of the decision, appealed to the Highest Court for justice. As far as we are informed, the case is now already in the Highest Court.

The first question to be decided is: Whether or not appeal should be granted. If appeal is to be granted, we are sure that Mrs. Tu will appeal to the Highest Court for the reversion of the former decision.

According to the provisions of the Chinese Criminal Code and Procedure, it is provided that persons convicted of obstructing the friendly relations with foreign countries to an imprisonment below three years, after second trial, shall be granted no further appeal. So the presiding judge of the Second Division of the Higher Court of Kiangsu, contended that inasmuch as the decision for imprisonment is below three years, and inasmuch as the case was tried in the Higher Court (which should be regarded as the second grade of trial,) there should be no further appeal. But Mrs. Tu, in her lengthy petition of appeals, contended that as the case was tried only "once" in the Higher Court, the prisoner should be entitled to a second trial which, in the present case, should be conducted by the Highest Court in China. So she goes on with many other arguments.

We have again consulted many legal experts about the legality of appeal of the *New Life* Magazine case. But again, the consensus of opinion is that "appeal should be granted," as the prisoner should be given a second trial.

What Is the Highest Court Going to Do?

In other words, in the first place, "A Gossip of About Emperors" does not constitute a crime of "obstructing the friendly relations" between China and foreign powers in the Criminal Code. Secondly according to the Criminal Procedure, appeal should be granted. Thirdly, inasmuch as the publication does not constitute a crime, when the prisoner appeals, the decision of the Higher Court is likely to be reversed by the Highest Court.

Such are some of the plain facts, though not conclusive. The Judges may, of course, interpret the laws differently. But suppose, what we discussed about is all true, what is the Highest Court going to do? Would the presiding judge (or judges) of the Highest Court be another Japanese Justice in the Russian case; or subject his (or their) decision to the "interference" and "influence" of the diplomatic and military officials? Would the Highest Court maintain "justice," "dignity," "independence," and "integrity" of the Chinese judicial administration; or just uphold the decision of the lower court, on the ground that the reversion of the decision might "cause China to go to war with Japan!"

These are some of the questions which interest us most. The appeal proceeding was instituted about a month ago. Despite our efforts to find out the decision of the Court, we failed. The Justices of the Highest Court in their interviews with us always block our further inquiries by a sweeping statement that "it is under study," meaning that no decision has been reached.

Our Sincere Advice to Mrs. Tu

We are fully aware of the difficulty before the Court. Should the former decision be reversed, we predict with certainty that the Japanese "gunboats" would be at once rushed to Nanking to demand the enforcement of the former decision. Should the Court say "guilty" to a prisoner who is really not guilty, the "dignity", "independence," and "integrity" of the Chinese judiciary will be totally lost before the eyes of the world. To us, to maintain "dignity," "independence" and "integrity" of the judiciary is just as imperative as to avoid another fresh trouble with Japan. Therefore, as the only way out, we advise Mrs. Tu to voluntarily cancelher appeal.

Mrs. Tu must be aware that at present 30,000,000 of our brothers and sisters are daily under "fire and water" (meaning sufferings) in the hands of the invaders. Our Government has not taken any steps to relieve their sufferings just because we want to avoid another crisis with Japan. Why then should one man's sufferings for only a period of 14 months, be allowed to stir up another national crisis? So, if Mrs. Tu is far-sighted, sensitive, and national-minded enough, she should take our advice into serious consideration, and should not put the Highest Court in such a difficult position. She is, however, justified to demand that the Court grant some "special and better treatment" to her husband in the prison, who sits there for 14 months for no other reason than to avoid the occurence of another national crisis to the nation, on one hand; and to preserve the "dignity," "independence" and "integrity" of the Chinese judiciary, on the other.

Nanking, August 15, 1935.

Japanese Consul in Manila Tries to Buy All "Vanity Fair" Copies

K. Uchiyama, Japanese Consul General in Manila, Aug. 21 confirmed reports that he had tried to buy the entire stock of *Vanity Fair* consigned to the Philippines capital. However, the local agency refused to sell them copies, saying he was obliged to fill the regular orders placed by individual news stands. In Shanghai efforts were also made by the Japanese authorities to buy up the local stocks, but one Chinese news dealer, nevertheless, sold a large number of copies to the general public.

Dr. Ben Dorfman Will Pass Through Shanghai on Way to Manila

Dr. Ben Dorfman, member of the U. S. Tariff Commission, accompanied by Mrs. Dorfman, will pass through Shanghai on Sept. 3 on his way to Manila to make an investigation of trade conditions. Other members of the U. S. tariff group will include Frank A. Waring, who also will be accompanied by Mrs. Waring, and J. B. Richards, U. S. Trade Commissioner, stationed in Manila. Dr. Dorfman, who previously was a member of the economics faculty of the University of California, served as an expert on the Lytton Commission which investigated the Manchurian question in 1931-1932.

Praise for Overseas Chinese

The Editor, *The China Weekly Review* :—

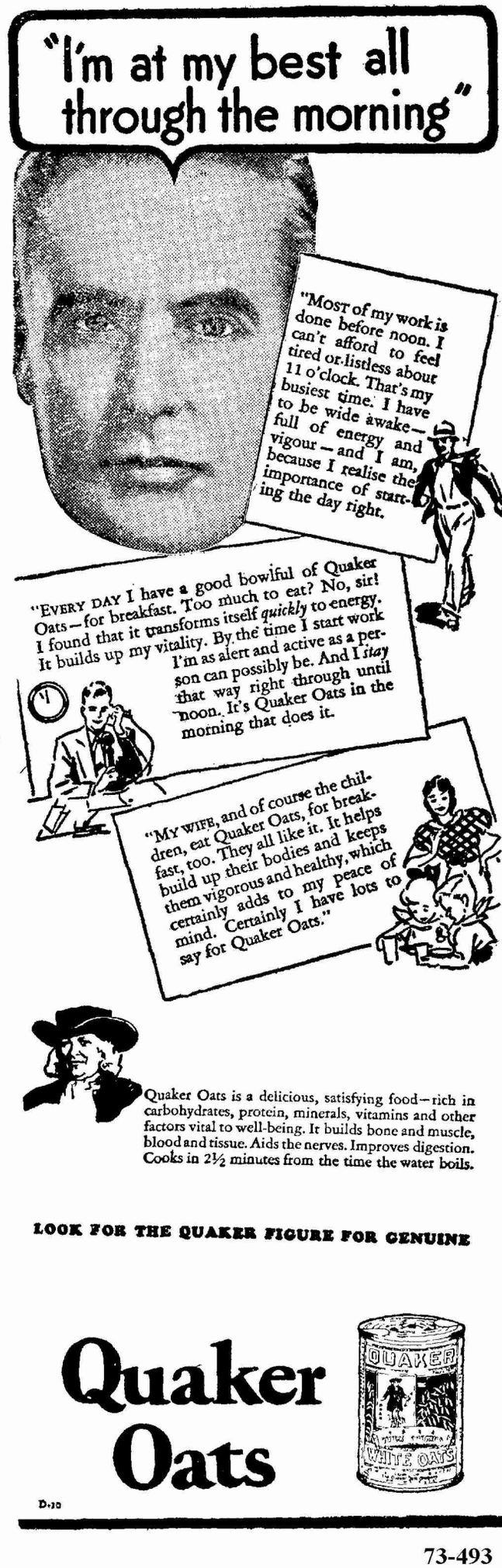
I am writing this paragraph in response to a note written by the Editor of the *People's Tribune*, "Advice to Overseas Chinese," which appeared in the August 10 issue of the *Weekly Review*. I wish to convey praise and commendation to the overseas Chinese, whose strength of conviction, courage of expression and unalloyed patriotism of denouncing the always-too-weak Foreign Policy of their beloved country toward Japan, provide plenty of rich food for realistic thinking. The political situation in China today is fraught with all kinds of double-edged possibilities which, if not wisely handled in good time, would spell the final doomsday of China outright—the fundamental cause of which has been the fact that China is "more alarmed than hurt" over the military superiority of Japan, while forgetting that Japan has been exploiting that unmanly and abnormal-minded over-cautiousness of China for its unsatiable military aggrandisement therein I am sure that it is about time for China to wake up to the fallacy and the untenability of its over-too-weak foreign policy toward Japan because to have handed over Manchuria to Japan intact was and will be an ever-lasting joke to mankind and because "God only helps those who help themselves." I can say without hesitation that in quite a few instances China seemed to have yielded more than Japan demanded from her. I am also confident in my conclusion that the world and the people in China are getting tired of China's consistent trying to evade the issue by its dexterous use of the language under such hoodwinking terms, namely, Resistance to the End, Semi-Resistance and Semi-Diplomacy, Non-Recognition of Manchukuo, Sino-Japanese Co-operation and Reconstruction, as representing the most deviated, devious, colorful and humorous Foreign Policy of China since that fatal date —September 18, 1931. God alone knows whether those deviations were made for purposes of national preservation or for purposes of individual political stability, plus ascendancy. There are such truths as "Truth needs no explanation", "No one can fool all the people all the time" and "The price of liberty is always and invariably lower than the cost of suppression" and "Fortune is self-made and misfortune self-inflicted"—which ought to be guidance enough for the rulers of China to direct the destiny of China, to wade through this unprecedented crisis honorably, but maybe very disastrously too. On account of China's over-cautiousness and of China's failure to follow the dictates of her instinct of self-preservation this Japanese onrush has been coming with more accelerated speed, with more murdering intent in uprooting all the constructive things and institutions, highly hopeful for making China a modern and an independent nation, thus leaving no other alternative for China to choose than to be brave and manly—so China is up against it. Incidentally and in a very left-handed way Japan may get the lion's share in the credit for making a caveman China out of a sissy nation, which would be a permanent blessing to world peace and to international solidarity. I do not have to cite historical cases to vindicate the fact that the world admires a fighter and that the world belongs to the brave.

An Over-Submissive Foreign Policy

It amuses me not a little to read the excuses made by the editor of the *People's Tribune* in supporting the over-submissive Foreign Policy of China and in pointing out the dissimilarity between China's present case and that of Belgium during the last World War. To me it is very pitiful to see how he abused his education and intelligence in overlooking those noble and irreducible facts that Belgium was completely demolished by the German juggernaut and that Belgium remade a nation, more powerful and more lasting and that Belgium did not think nor dream of Germany's loss in the Great War, but she just fought for her national manhood regardless of consequences. It is very ungentlemanly for anybody to belittle others' virtues. If there shuld be any excuses to be made let others make them for you, because to self-excuse would be a confession of weakness and infirmity. I do not believe that any right-minded government would welcome that kind of disgraceful and self-annihilating support, because it weakens instead of strengthens, the position of the Government. Now is the time for all the intelligent citizens of China to ponder over the national problems and to face the issues candidly, instead of floundering and dodging over them for political purposes. There lies the silver lining in the clouds. The present Italo-Abyssinian Dispute is a fresh case to show that this is an age of self-determination. Of course the League of Nations has considerable to do with the slowness of the warring parties, but Africans throughout the whole world have been amassing their resources and are determined to put up a stiff resistance in case of Italian aggression—which may eventually fail them but what of it!!! It is those who know the truth and who lack courage to admit it that need serious warning and advice, which may run as follows :—"The fear of God is the beginning of wisdom," but the fear of man is the starting point of selfannihilation.

S. Y. Livingston Hu.

Shanghai, August 15, 1935.


"I'm at my best all through the morning"
"Most of my work is done before noon. I can't afford to feel tired or listless about 11 o'clock. That's my busiest time. I have to be wide awake—full of energy and vigour—and I am, because I realise the importance of starting the day right.
"Every day I have a good bowlful of Quaker Oats—for breakfast. Too much to eat? No, sir! I found that it transforms itself *quickly* to energy. It builds up my vitality. By the time I start work I'm as alert and active as a person can possibly be. And I *stay* that way right through until 'noon. It's Quaker Oats in the morning that does it.
"My wife, and of course the children, eat Quaker Oats, for breakfast, too. They all like it. It helps build up their bodies and keeps them vigorous and healthy, which certainly adds to my peace of mind. Certainly I have lots to say for Quaker Oats."
Quaker Oats is a delicious, satisfying food—rich in carbohydrates, protein, minerals, vitamins and other factors vital to well-being. It builds bone and muscle, blood and tissue. Aids the nerves. Improves digestion. Cooks in 2½ minutes from the time the water boils.
LOOK FOR THE QUAKER FIGURE FOR GENUINE
Quaker Oats
QUAKER
WHITE OATS
D-10
73-493

Who Will Be the Next President of the Executive Yuan?

BY PAUL K. WHANG (汪仲羣)

WANG Ching-wei is said to be adamant in his determination to retire from his posts as President of the Executive Yuan and concurrently Minister of Foreign Affairs. The *Central China Daily News*, local vernacular Chinese daily which is reputed to be Mr. Wang's organ, has been credited as saying that his resignation is sincere and no hope is seen to persuade him to change his determined stand. If such is the case, all the troubles taken by special envoys sent by Nanking to prevail upon him to retain his posts will be of no avail, and the Nanking Government will have to find a new man to step into his vacated shoes. It is, however, not expected that a new President of the Executive Yuan can be appointed immediately. The matter, it is understood, will be left to the deliberations of the forthcoming Sixth Plenary Session of the Central Executive Committee of the Kuomintang, which is scheduled to be convened on Sept. 20.

That Mr. Wang's resignation is sincere can not be gainsaid. In face of growing opposition to his administration at home and acuter aggressions of the Japanese militarists, he, in spite of his noted courage, has had the difficulty in holding on to his posts, and has to find a convenient exit out of his dilemma. His present ill-health may be real, but to plead his resignation on that ground does not appeal to us as justifiable for a man who is reputed to be a revolutionary leader. Possibly his resignation would arouse more public sympathy, if he could only frankly profess his inability to handle the present difficult political situation than to speak in riddles in his message of resignation. As a matter of fact, his present move has been long anticipated after his flying trip to Tsingtao, and what has really surprised us is the long delay in making us his determination to submit his resignation.

No Reason to Continue in Office

Mr. Wang has really no more reasons to hold on his posts. He has realized his political ambition and aspiration by having become a virtual premier of the Chinese Government for the past three years. Besides, he has also had the honor of being concurrently the Minister of Foreign Affairs. There have been only a very few civilian officers who have attained such an influential position in the Chinese Government as his in modern Chinese history. Of the Party members, who else has ever held such important political posts for so long a time? Even Hu Han-min, who certainly has as long a revolutionary career as his, had only held a rather unimportant post of the President of the Legislative Yuan prior to his parting of the ways with Gen. Chiang Kai-shek. Therefore Mr. Wang should be satisfied with his political fortune in reaching the top rung of the political ladder. This may account for his present determination to resign, so that he can make room for some one else who has an eye on his job.

"Who will be the next President of the Executive Yuan?" is now a timely question raised by every one who is interested in the present political developments. Many names have already appeared in the newspapers as the possible candidates to that important post, and it is even reported that a race has now been engaged by different candidates for that job. It seems idle to make any speculations as to the ultimate winner of this race, when the political situation in China is as complicated as it is today. If the choice can be made on merits of each candidate, the task will be a very simple one, but unfortunately this is not the case at the present time. Therefore the forthcoming Plenary Session of the C.E.C. will have a very difficult task on hand to decide the appointment. We, however, venture to suggest that the successful candidate should be selected on the basis of the following considerations.

First of all, he must be the one who can co-operate with Gen. Chiang Kai-shek wholeheartedly in running the political shows. It is no use to deny the fact that Gen. Chiang is the real master of China's political stage. Although staying thousands of miles away from Nanking and supposedly devoting his whole time and labor to bandit-suppression campaigns, it is an open secret that important political decisions have always been made rather in Gen. Chiang's headquarters than in the capital. The resignation of T. V. Soong from his important post of Minister of Finance in 1933, for instance, had to be acted upon by Gen. Chiang himself. Suffice it to say that Gen. Chiang's present position is such that it becomes necessary to refer to him all the important political problems, the solution of which can not be easily made by cabinet officials. In this circumstance, no one can hold the post of the President of the Executive Yuan, unless he can give up his personal prejudices and reconcile his political views with Gen. Chiang.

Secondly, he must be the one who can win back the confidence of the people. After having been surfeited with humiliations and surrenders, the people as a whole have lost their confidence in the Government, and have now taken on an air of resignation and indifference. They are looking for a new leader who can lead them out of the present anomalous situation, and are welcoming any major political changes, by which new political vistas may be opened up. However, they are fully aware of China's military weakness and of her impotence to pursue any strong policy against her neighboring Empire; but they expect that China should at least formulate a definite policy instead of drifting onward aimlessly. Besidies, they want to be kept informed of all the terms of agreements entered into with the Japanese, and look upon the present secret diplomacy with disgust and distrust. They are tired of the sweet-worded assurances that China would under no condition sign away her rights, while in reality secret concessions have been given to the Japanese upon their demands. In a word, they want a leader who can have a little more backbone instead of a merely eloquent tongue.

And thirdly, he must be the one who is a persona grata with the Southwest. At this time when Nanking is very anxious to reach a closer understanding with the Southwestern leaders, it will be a move of wisdom to appoint to that important post a man who can become instrumental in effecting this rapprochement. It is generally believed that one of the purposes of Gen. Huang Shao-hsiung's present trip to Canton is to consult Southwestern leaders on the choice of the next President of the Executive Yuan. It will be a totally unexpected development if through the resignation of Mr. Wang, the long hoped-for unification of the country can become a reality. If that is the case, we only regret that he did not quit his posts two years earlier. Otherwise, the history of the past two years might be entirely different, inasmuch as the Japanese would not have had such an easy time in pursuing their conquest in China, if the country could present a united front.

Hu Han-min as Successor?

Of all the candidates, the most frequent by mentioned is Hú Han-min. Being a popular leader and a nominal leader of the Southwestern bloc, he would become an ideal choice to that post. But his handicap lies in his stubbornness and obstinacy in refusing to reconcile his personal differences with Gen. Chiang. Whether his present foreign trip has in any way altered his political and personal outlooks, can not be told; but with the resignation of Mr. Wang, the way to his political aspiration is now cleared. There is likelihood that he will at the long last sink his personal prejudices so as to realize his political aspiration. Moreover, it has been alleged that his enmity against Gen. Chiang is not as deadly as that against Mr. Wang, and therefore with the removal of Mr. Wang, he may once again form a political company with Gen. Chang in running the political shows.

Another prominent official mentioned for that post is Dr. Wang Chung-hui, Chinese Judge of the World Court. It is reported that he will soon return to China to take up that post. From the standpoint of his popularity with his own people, his friendship with both Nanking officialdom and Southwestern leaders and his present intimate association with Mr. Hu, he appears to be a very suitable man for that post. But we have two objections to his appointment: First, being primarily a scholar, he can not be expected to be a successful political leader, and secondly, having spent most of his time abroad during the past few years, he has somewhat lost touch of the domestic political situation. Besides, it is exceedingly doubtful that he will be willing to accept a post which will bring him nothing but worries and anxieties. If he ever accepts that post, he will merely serve as a stepping-stone for Mr. Hu to ascend to power when the opportune time comes.

In the meantime, it must be remembered that the Japanese influence should not be totally overlooked in the present political changes. The Japanese will likely exert their pressure upon the Chinese Government in appointing a man who will be acceptable to them. In view of the ascendancy of Japanese influence in China, we can not ignore this possibility. It is feared that the appointment of the next President of the Executive Yuan will be made not on the basis of the qualifications of the candidates but in accordance with the Japanese wishes, if not their demands. It goes without saying that all these officials who have been stigmatized by the Japanese as the pro-European-American group will not have the chance to get that appointment. With this in view, we believe that whoever will be the next President of the Executive Yuan, he will not have a free hand to carry out his wish, as he will not likely run the risk of incurring the Japanese displeasure by pursuing a policy which is not palatable to the Japanese. Such being the case, no matter what major political changes are to be made in future, China's Japan policy will, in all probability, remain the same as it is today

Finance Ministry Refuses Increase of Import Duty on Cotton

The Ministry of Finance has disapproved the petition of the Shanghai Cotton Merchants Guild for a further increase of the import duty on foreign cotton. The petition was addressed some time ago to the Executive Yuan, which subsequently referred it to the Ministries of Finance and Industry for joint consideration.

The Ministry of Finance points out that, according to statistics compiled by the National Tariff Commission, foreign cotton imports have fallen considerably in recent years. Whereas an average of 4 million bales of foreign cotton were imported annually in former years, the monthly import now averages only 100,000 bales (or 1,200,000 bales per annum.)

Moreover, the present price of domestic cutton is already higher than it was last year There is therefore little justification for a further increase of the import duty on foreign cotton at the present juncture, the Ministry added.

Shanghai-Wusih Highway Is Officially Opened

Under the chairmanship of Gen. Wu Te-chen, Mayor of Greater Shanghai, the new Shanghai to Wusih highway was formally declared open at a ceremony held Aug. 15 in the Old Tree Pavilion at Nansiang. Over 3,000 guests were present at the function. After the National Anthem had been sung, various speakers, led by Gen. Wu Te-chen, who acted as Chairman, spoke briefly on China's need for highways, the binding effect such links of communication undoubtedly would have on the people, and a brief review of the work done in the building of the Shanghai-Wusih highway, on which $1,300,000 has been spent since it was commenced two years ago.

Kwangtung to Build Branch Railway

In order to open the coal mines at Kouyatung near the Hunan border, the Kwangtung Provincial Government has decided to build a branch railway connecting the Canton-Hankow railway at Kwanpu and the mines. Surveyors have been sent to survey the line which will cover a distance of 70 miles.

Southern Kiangsi Enjoys Bumper Crops

While northern Kiangsi has been seriously hit by a flood disaster, the southern part of the province is enjoying bumper crops this season, according to Kung Hsueh-sui, Commissioner of Reconstruction, who returned to Nanchang, Aug. 18 from an inspection tour to southern Kiangsi. Prices of rice, however, have dropped owing to the abundant harvest, Mr. Kung said.

Installation of Nine-Province Telephone Service Proceeds Rapidly

Installation of the nine-province long distance telephone service under the auspices of the Ministry of Communications is reported to be proceeding apace. The Tientsin-Pukow line, which starts from Nanking, has now reached as far as Pengpu and is expected to be extended to Hsuchow by the end of this month. As soon as this section of the line has been completed the telephone service between Hsuchow, Nanking and Shanghai will first be inaugurated, it is learned.

General Chiang Orders Detailed Measures for Enforcement of Compulsory Labor to Be Drawn Up

General Chiang Kai-shek, in separate orders to the Provincial Governments of Hunan, Ninghsia, Kansu, Chekiang, Kiangsu, Anhwei, Shensi, and Fukien, Aug. 18 instructed that detailed measures for enforcement of compulsory labor in the service of the State, be drawn up and submitted to the Provisional Headquarters of the President of the Military Affairs Commission immediately.

Life Insurance System to Go Into Effect Sept. 1

On September 1, the Ministry of Communications announces, the system of Simplified Life Insurance will be inaugurated by the post offices in Nanking, Shanghai and Hankow. To impart knowledge of the benefits of life insurance, the Ministry of Communications has requested the Ministry of Education to provide the necessary information in text-books.

Berlin Radio Exhibition Destroyed by Fire

Twenty persons were seriously injured and scores of others hurt in varying degrees when a fire brought to a sudden end Berlin's big radio exhibition in the West End Aug. 20. Three large buildings in which the exhibition was being housed were licked by tongues of flames 150 feet high, and soon reduced to ashes.

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES....

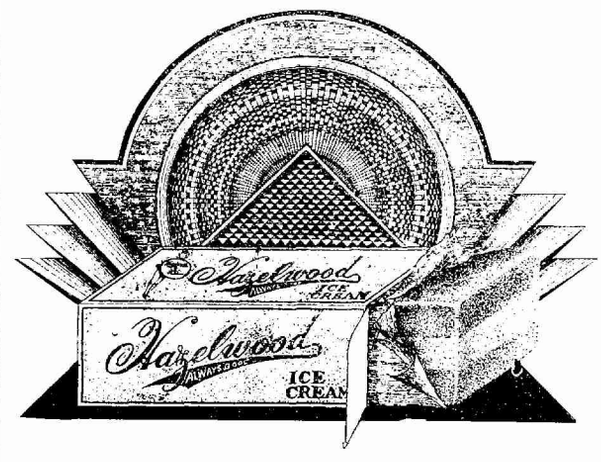
In CHINA file your messages "via CGRA—RCA"

(Chinese Government Radio Administration R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.

(A Radio Corporation of America Subsidiary)

Office of Representative—Sassoon House—Shanghai.



Hazelwood ICE CREAM

Three delicious new varieties in the Dollar Brick :

Fruit Salad
Toffee
Black & White

AT ALL DEALERS

73-495

"Sino-Japanese Economic Collaboration" in the Preliminary Stage

BY LEE I. (李亦)

EVER since the appearance of a stout and intriguing Japanese major-general, Doihara, chief of the Military Mission at Mukden and the "Far Eastern Lawrence" in Peiping about one month or so ago, the Chinese authorities, both in Peiping and Nanking, are facing a highly troublesome problem of the suggestion of "Sino-Japanese Economic Collaboration" brought forth by that notorious hatch-man from the Headquarters of the Kwantung Army in Changchun. This suggestion, which will call forth the formation and further strengthening of a Sino-Japanese-"Manchukuo" tripartite economic bloc, embraces a gigantic scheme, burdening itself with all-round developments in heavy industry, cotton and wool raising, railways, highways, navigation, air transportion, etc. in North China, with Japanese capital and under Japanese control. Of course, Chinese capital and cooperation are "necessary," otherwise Doihara would not trouble himself by talking to Chinese authorities. But they will be by all means "dummy" partners.

The wide mouths of Kwantung Army spokesmen have rattled noisity enough about the necessity of having North China, namely, the five provinces of Hopei, Shantung, Shansi, Chahar, and Suiyuan of the Republic of China, as the Nippon Empire's new Southern "life line." They want to have this fertile region of China's lower Huangho (Yellow River) Basin as the Island Empire's new "Treasure Island," a new safety valve for the Rising Sun's frog-like expansion, and a new strategic base for operations either against a Soviet North or a Chinese South. In other words, they want to have these five old Chinese provinces brought under Japanese economic control, and make them a de facto Japanese colony. It is really an ambitious plan, but it cannot be done by bombers and guns. So the Kwantung Army has ventured a bundle of suggestions of the possible organs for this "cause." First candidate, of course, is the S. M. R., which has done so much in "developing" Manchuria.

To understand recent Japanese activities we will have to understand the situation in the five North China provinces. The territory in question, namely, Hopei, Shantung, Shansi, Chahar, and Suiyuan, constitutes the fertile lower Huangho Valley. It has been, for nearly one thousand years, China's political, economical, and cultural center. These provinces total 1,018,000 square kilometres, and have a population of 78,117,000. Of them about 80 per cent are farmers. In other words, it is about the size of China's four Northeastern Provinces (Manchuria the size of which is 1,191,000 square kilometres) now under Japanese occupation, and more than double its population.

This tripartite economic bloc, if successful, means a second "Manchukuo" for Japanese surplus capital, and will help to strengthen Japan's economic prosperity. For this big area is not only abundant in cheap man-power as shown by its gigantic bulk of population; it is also rich in natural resources and agricultural products. Hopei, Shansi and Shantung constitute one of Chinese best cotton districts. Its production, according to statistics compiled by Chinese cotton concerns is.—

Province	Cultivated Area (Mou)	Product (Piculs)	Date
Hopei	6,121,000	1,445,000	1933
	7,406,000	2,106,000	1934
Shantung	5,357,000	1,469,000	1933
	5,486,000	1,539,000	1934
Shansi	1,310,000	502,000	1933
	1,800,000	596,000	1934

Already, there is an annual production of more than four million piculs (which is equal to 100 catties) under the present chaotic conditions. The Japanese have great hopes to increase both quantity and quality, when they can be put under their control and direction.

The mountain ranges in these provinces are also rich in mineral substances, especially coal and iron, which are very helpful to Japan's "Continental Policy." Coal production amounts to more than one hundred and thirty million tons per annum, which triples the amount of Japan's own production. As to iron ore, North China claims a deposit of more than two hundred million tons. All these iron, coal, and other natural resources, once the "collaboration" can be carried out, will mean a Treasure Island for the Empire of the Rising Sun. Japanese investment and development of this region will also result in a prosperity in Japan's own land, as she experienced during the recent "development" of Manchuria.

Another reason ventured by Japanese apologists for this "collaboration" is Emigration. Japanese emigration to Manchuria, because of climate and the waste nature of land there, is far from being successful. But North China climate is better adapted to Japanese farmers. And the already cultivated land in this region will be a good attraction. All they have to do is to come and take it over from the Chinese farmers.

The Japanese plan is more military than economic. The railways, the highways, and other construction and "development" will all have a military-value-first nature. And we all know military gain is usually an economic loss. S. M. R. has had its lessons in Manchurian "development." To burden itself with a further military blunder would be harmful to itself.

However, as the Japanese Army can overcome any opposition by the national "emergency" alibi, S. M. R. will eventually follow Kwantung Army's dictations. Meanwhile, ronins and other adventurous individuals or undesirables are anxious to have a share in this pie. That is why the unending Japanese "investigation parties" are talked of currently in North China. They, however, are of no great value and will soon be placed under military control and "concentration."

So, within the noisy hubbub about Sino-Japanese economic collaboration, all we can say now is that is still talk in its preliminary stage. The suggestion may take form, but will have a long while to wait, simply because there is no one yet to do the financing and technical works. And the results, as hoped by the Japanese military, will take long years to accomplish. Whether or not the world can wait is a question.

Peiping, Aug. 17, 1935.

Kiangsu Journalists Ask for Modification of Press Law

A delegation representing the newspapers and press associations of Kiangsu province called at the office of the Central Political Council at Nanking Aug. 14, to petition for the modification of the new Press Law. The visiting journalists, divided into three groups, called on various leaders to seek their personal support for the modification of the new Law. Among those who expressed themselves in favor of modification were Shao Yuan-chung, member of the C. E. C., Dr. Wang Shih-chieh, Minister of Education, and Lieut.-General Ku Cheng-lun, Garrison Commander for Nanking.

Trouble Between Foreign Office and Foreign Newspaper Correspondents in Japan

(*Teito Nichi Nichi Shimbun, August* 8)

Considering that the reports cabled abroad by the Tokyo correspondents of the *Associated Press* and also the *United Press* recently lacked correct knowledge and were written in a manner likely to cause the foreign public to misunderstand Japan's diplomacy Mr. Amau, director of the Intelligence Bureau of the Foreign Office, is reported to have sent letters to these correspondents, directing their attention to the fact that such reports will not be productive of good results for the news agencies such as the *A.P.*, well trusted throughout the world including Japan.

Among the foreign correspondents, on the contrary, the following view prevails:

"Director Amau of the Intelligence Bureau is exceedingly nervous of late. In the daily press conference Mr. Amau points out the errors found in the correspondents' cables or in the news carried by the newspapers represented by the correspondents though he does it in a friendly spirit. He does it very frequently, and it often happens that by so doing Mr. Amau unnecessarily injures the feeling of the correspondents concerned."

THE GIST OF JAPANESE PRESS OPINION

America strongly opposes a general increase in the present naval strength of all nations. As Japan has manifested her intention to terminate the Washington treaty because of her declared principle, her opposition to any proposal tending to the retention of the specified ratio will be pronounced. If this principle is not accepted by Great Britain and A merica, the naval limitation conference may encounter various difficulties.—*Osaka Mainichi.*

It has been decided to abrogate extraterritoriality in Manchukuo and to return the railway zones of the South Manchuria Railway Company to Manchukuo. China will probably claim the abrogation of extraterritoriality in her own territory. It has been asked for since 1843. The abrogation of extraterritoriality in China has been pending since the Paris Peace Conference. It will be necessary for Japan to be prepared for the probable claim of China.—*Tokyo Chugai.*

China's Trade During Second Half of Last Year Shows Adverse Balance

The following are extracts from the report on China's Foreign Trade for the second half of the year 1934, *prepared by Ho Ping-yin, Director of the Bureau of Foreign Trade of the Ministry of Industry.*

Trade during the second half of 1934 was more seriously depressed than during the first half-year. The total foreign trade of China during the first quarter amounted to $416,572,000, increasing in the second quarter to $421,821,000, but decreasing to $355,925 000 in the third and rising to $370 550,000 in the last quarter. The decline was less prominent in export trade, which totalled $130,661,000 and $136,008,000 respectively in the third and last quarters. Though showing a shrinkage as compared with the second quarter, these figures are each larger than for the first quarter, and the total exports during the second half-year, valued at $266,669,000, represented a decrease of only about $2,870 000, or 1.07 per cent in comparison with $269,540,000 during the first half-year. It was import trade that showed a real decline During the third quarter inward shipments amounted to $225,264,000, increasing to $234.551,000 during the last quarter, but in spite of this increase the last quarter was a period of depression compared with either of the first two quarters, the trade falling off by about $60,000,000 Imports during the second half year amounted to $459,815,000 as against the first half-year's $569,849,000—a difference of about $110,030,000, representing a fall of 19.31 per cent. There were many factors contributing to this depression, but none more important than the increased poverty of the farmers. The adoption of higher import duties also discouraged shipments to China, especially of rice, wheat, kerosene etc

China's foreign trade has been steadily declining since 1929, the country being one of the last victims of the world economic depression.

China's foreign trade during 1934 amounted to $1,564,879,000, imports and exports amounting to $1,029,665,000 and $535,214,000 respectively Monthly trade totals during the year ranged from $115,610,000 (December) to $156,236,000 (January), business being comparatively steady during the first two quarters. Beginning with July a gradual downward movement started, and with the exception of October and November the volume of monthly trading never exceeded $120,000,000. In November imports and exports amounted to $133,000,000, but this figure was still below the totals recorded before June, except in February. As to monthly exports, movements were rather irregular, and with the exception of January, when China exported more than $50,000,000 worth of goods, exports each month amounted to about $40,000,000, February being the slackest month, in which outward shipments aggregated only $38,000,000. With regard to imports, January, March, April and May were the most active months, each with a total of more than $90,000,000. A heavy decline started from June, in consequence of the new duties on such articles as metals and chemical products. The depression was very marked from July to October, during which period the monthly import total averaged about $70,000,000, and though a slight improvement came about in November, the total then amounted to only $83,510,-000

Adverse Balance of Trade

China's unfavorable balance of trade during the year under review was considerably smaller than that of the preceding years. The excess of imports over exports during the first quarter of 1934 amounted to $158,718,000, representing a 22.4 per cent decrease as compared with the corresponding period of 1933. The adverse balances during the second, third, and last quarters were $142,586,-000, $94,603,000 and $98,542,000 respectively, the decreases being 47.3, 27.1 and 23.9 per cent compared with 1933. The total adverse balance for the year was $494,450,945, smaller than 1933 by $239,-288,253 or 33 per cent. With regard to the percentage of adverse balance in the imports, this amounted to 54.53 in 1933, but dropped to 48.02 last year. The monthly balance against China during 1934 exceeded $50,000,000 in January, March, and April, $40,-000,000 in February and May, and $30,000,000 in the other months.

As already mentioned, the decrease in China's adverse balance shown for 1934 actually furnishes no ground for satisfaction, because the main reason for diminished imports was decreased purchasing power rather than any expansion of output by the nation's industries. Moreover, remittances from oversea Chinese, the principal item of revenue with which China keeps her credit balance with other countries, were much smaller during 1934 as a result of the general economic depression. China's obligations to other countries, which could be formerly met in part by the money earned abroad by her citizens, has now to be settled almost entirely by actual shipments of specie.

Another Accident in the Kailan Mines

Eighteen miners were injured at the third shaft of the Tangchiachuan of the Kailan Mining Administration Aug. 18 when the lift fell down. Nine of the eighteen received serious injuries.

交通大學研究所

THE CHIAO-TUNG UNIVERSITY

RESEARCH INSTITUTE

With Branches at Tangshan and Peiping

I. Division of Industrial Research

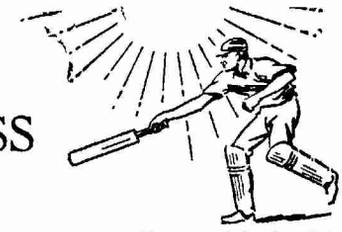
(1) Bureau of Engineering Design
(2) Bureau of Material Testing
(3) Bureau of Machine Testing
(4) Bureau of Electrical Testing
(5) Bureau of Physical Testing
(6) Bureau of Chemical Testing

II. Division of Economic Research

(1) Bureau of Social Economy
(2) Bureau of Industrial Economy
(3) Bureau of Communications
(4) Bureau of Administration
(5) Bureau of Accounts
(6) Bureau of Statistics

All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

Enjoy the FULLNESS *of life*



LIFE is rich when you are radiant with health. Every task is performed with enthusiasm, sports beckon alluringly, smiles come easily. But don't become constipated. It is one of mankind's greatest hindrances to health. It undermines your whole system.

Two tablespoonfuls daily of Kellogg's ALL-BRAN will relieve constipation. For chronic cases eat it with each meal. The "bulk" in ALL-BRAN promotes appetite and its Vitamin B and iron make rich blood. It is a natural aid, not harsh or habit-forming like pills or drugs.

No cooking required. Serve direct from the packet with cold milk or cream. Your grocer sells ALL-BRAN.

CONNELL BROS. CO. LTD.

P. O. Box 342, SHANGHAI

Kellogg's ALL-BRAN

the gentle, natural way to relieve CONSTIPATION

858

Tokyo Will Support S. M. R. in North China Exploitation

Tokyo Finance Ministry authorities Aug. 16 indicated their willingness to give aid to the South Manchuria Railway Company's future projects, including the economic development of North China. The assurance was given at a meeting between Yosuke Matsuoka, new president of the railway concern, and high officials of the Exchequer, led by Sir Juichi Tsushima, Vice-Minister of Finance. The Treasury officials said that they had no objections to the issuance of debentures by the S.M.R. in Japan, provided such loans did not interfere with the sales of "red ink" bonds Mr. Matsuoka is sailing for Dairen on Aug. 23. On arrival in Manchuria he will confer with Gen. Jiro Minami, Commander-in-Chief of the Kwantung Army and concurrently Ambassador to Hsinking, on the future policies of the railway firm

The Tokyo *Asahi* Aug. 8 said that with the appointment of Mr. Matsuoka as its president, the South Manchuria Railway which had heretofore shown a lack of enthusiasm is now expected to take a sharp turn toward positive steps to develop the resources of North China. With regard to the economic development of North China, the Japanese garrison in China, the Kwantung Army and the South Manchuria Railway have been studying the problem on the spot. It has been decided that influential men in the economic world should gather at Tientsin to effect the advance of Japanese and Manchukuoan capital in North China under the guidance of the three authoritative bodies. A concrete plan thus obtained at the Tientsin conference is expected shortly to be conveyed to Tokyo by a staff officer of the Kwantung Army for consultation with various quarters. The concrete plan will form the basis of plans for the development of North China under co operation among China, Manchukuo and Japan.

S.M.R. Refuses to Attend Tokyo Air-Rail Co-operation Talks

The South Manchuria Railway Company announced Aug. 19 that it had declined to attend a conference sponsoned by the Japanese Ministry of Railways to discuss air-rail co-operation, on the grounds that the meeting would bring no tangible results, so far as the S.M.R. was concerned, unless the Manchukuo State Railways and the Manchukuo Air Transport Company were also invited to send representatives.

S.M.R. Reorganization to Be Postponed—Matsuoka and Hayashi Agree

Agreement to postpone the reorganization of the South Manchurian Railway until more favorable conditions prevail was understood to have been reached at Tokyo, Aug. 19 between Gen. Senjuro Hayashi, Minister of War and concurrently director of the Manchurian Affairs Bureau, and Yosuke Matsuoka, newly-appointed president of the railroad concern.

S.M.R. Also to Control Telephone Service

Further monopolization of the telephone facilities in the new Empire, with the inclusion of the North Manchuria Railway zone into the service area, is being planned by the Manchuria Telegraph and Telephone Company. Immediately after the transfer of the railway to Manchukuo, the telephone service was placed under the management of the Directorate-General of the South Manchuria Railway Company. This will be taken over by the Telephone and Telegraph Company. The huge joint concern is also planning to install new telephone equipment along the Tumen-Kainei Railway.

Manchukuo to Talk Again on Mongol Representation

Telegrams from Hsinking state that the controversial question of the exchange of representatives between Manchukuo and Mongolia will again be discussed at Manchuli early next month. On Aug. 5 the Hsinking Government agreed with the Ulan-Bator authorities that representatives be stationed at border points to settle local disputes, but suggested that the more serious controversies be handled by the diplomatic representatives of the two Governments stationed at the respective capitals.

Should the Outer Mongolian authorities, however, persist in their opposition to the exchange of diplomatic officials, the current Manchuli negotiations for the settlement of the Khalkamiao clash of last January will again be deadlocked, Manchukuo officials said.

Yurenev Hands Hirota Draft of Frontier Commission Plan

A draft proposal for the organization of a Soviet-Manchukuo-Japan joint frontier commission to settle border disputes was submitted Aug. 17 to Mr. Hirota, the foreign minister, by M. Yurenev, the Soviet ambassador. M. Yurenev, in submitting the proposal, requested that a counter-proposal be submitted by the Japanese Government should the Soviet views not prove satisfactory.

Manchukuo Yuan Falls Below Japanese Yen

Manchukuo's unfavorable balance of international payments, and the ban on the sales on bills of exchange on Shanghai were cited Aug. 16 by bankers as the main reasons for the recent fall in the exchange value of the Yuan—Yuan 100.30 per Yen 100. The action of the Central Bank of Manchu in severing the Yuan from silver was tantamount to the introduction of a controlled monetary system, the bankers said. The reduction in Japanese investments in the new Empire, following the weakening in the quotations on securities of concerns operating in Manchukuo and the Finance Ministry's discouragement of large investments in the new State, was an important contributing factor in the fall of the yuan, the bankers added. They believed that the exchange value of the yuan would experience further drops.

Manchukuo Industrial Laws to Apply to Japanese in January

Industrial regulations already promulgated by the Manchukuo Government will be applied to Japanese nationals next January, as one of the first steps in Japan's relinquishment of her extra-territorial rights in the new Empire, officials of the Governments conferring in Hsinking agreed Aug. 17. Similar regulations now enforced by the Kwantung Bureau in the Leased Territiory will receive a formal approval of the Manchukuo Government, while Manchukuo's special laws will not be applied to the Japanese, the officials further agreed.

Russians Released, But Ordered Out of Manchukuo

The seven White Russian emigres who were arrested in Harbin, Aug. 15 on a charge of "intrigue against Manchukuo and retarding the reorganization of the Russian Emigres Association," were released Aug. 19. They were given until September 15 to quit Manchukuo territory The men involved are General Sinchoff, General Arkinzieefsky, Colonel Belosakoffsky, Professor Golovachoff and Messrs. Zeebroffsky, Brockmiller and Karastevitch.

Manchu Enthronement Commemoration to Be Held at Harbin

A naval review to commemorate the enthronement of Emperor Kang Teh will be held in Harbin in September, according to a formal announcement made Changchun, Aug. 19.

Soviet Planes Cross Manchu Border—"Deep Regret" Expressed by the Kwantung Army

The Kwantung Army Aug. 14 expressed its "deep regret" at the recurrence of Soviet military flights over Manchukuo territory. A statement issued by the Army asserted that, on August 2, a Soviet plane, which "appeared to be a scouting plane," flew southward over Hulin, north of Iman; on August 3, a Soviet plane crossed the border from Ussuri to Nanchiechi, and, three days later, another crossed from Ussuri to Peichiechi.

Soviets to Deport Six Japanese from Vladivostok

Deportation of five Japanese residents of Vladivostok, in addition to Sentaro Ogura, who was ordered home late last month, reportedly on a charge of suspected espionage, is being planned by the Soviet authorities in said city.

Chinese Physiologists Are Feted at Moscow

The Chinese delegates to the international Physiological Congress were guests of honor at a tea reception in Moscow Aug. 19 given by Dr. W. W. Yen, Chinese Ambassador to Soviet Russia, when more than 200 persons were present. While the other 10 Chinese delegates are returning to China, Dr. Robert K. S. Lim, head of the department of physiology of the Peiping Union Medical College, will remain temporarily to study the Soviet medical system.

Chinese and Japanese Delegates in Moscow Claim Red Movement Is Growing

The strength of the Red forces in China was stressed in the course of a speech delivered by the Chinese representative at the Komintern Congress in session at Moscow, Aug. 17. The Chinese delegate told his comrades of the Communist International that China's Red Army was 500,000 men strong and held several central Chinese provinces, thus occupying a favorable strategic position.

Mr. Nisikava, the Japanese delegate, said that Communist ideas were gaining ground among Japan's working classes, who, he added, were struggling against the Japanese expansion policy in China.

Soviets Protest to Nanking Against Customs Fine

The Ministry of Foreign Affairs has received a memorandum from the Soviet Embassy, protesting against the recent fine imposed upon incoming Soviet goods by the Chinese Maritime Customs which the Soviet Government deems "provocative." The Ministry referred the note to the Ministry of Finance, requesting the latter to instruct the Maritime Customs to make a full report on the incident.

The Activities of the National Child Welfare Association of China

The following are extracts from an article originally appearing in the China Press (Shanghai) prepared by Jabin Hsu, General Secretary of the National Child Welfare Association.

The National Child Welfare Association was organized in April, 1928 by Dr. H. H. Kung, Acting President of the Executive Yuan and concurrently Minister of Finance, and other leaders at Shanghai in response to the movement started by some interested friends in America; its declared purpose being to "advocate, protect, and insure the rights of the children of China and Promote, in every possible way, their well-being."

The Association, maintains five child welfare centers at Shanghai. The include: (a) the Child Welfare Home, to receive orphans and dependent children from 6 to 12 years of age and place them out as a go-between for childless homes and homeless children; (b) the Child Welfare Nursery, to admit children from 2 to 6 whose mothers are at work in factories. It is hoped that all big factories in Shanghai will each establish a similiar nursery for their laborers' children after our model; (c) the Child Welfare Clinic, to demonstrate preventive health work as well as curative medical services for children, with an average of 80 patients receiving medical aid in each day and 60 home visitations made by nurses in each month; (d) the Chapei Benevolent Home, to receive destitute children from 12 to 18 years of age and bring them up to become useful citizens by being employed in manual work. Besides, the children are given educational facilities. The management of the Home has for the last year been transferred to the association by the Shanghai Local People's Union with a view to improving its existing conditions, and (e) the Child Welfare Sanitarium, to receive children suffering from tuberculosis. The Sanitarium is in joint operation with the Ching Chong Memorial Hospital in Kiangwan and was newly built by the Association. It is a two-story building with an accommodation of 60 beds, erected as a memorial hall in honor of Mrs. Rhoda Cunningham, wife of E. S. Cunningham, American Consul-General at Shanghai. The sanitarium, in addition to the medical care, gives an education program for the little patients whose conditions permit them to take lessons during their periods of hospitalization.

As a result of the association's efforts at promotion of child welfare work throughout the country during the past seven years, the Association under the leadership of its president, Dr. H. H. Kung, has created a nation-wide interest in child welfare work. The creation of the National Children's Day and the National Children's Year by the National Government is the first official recognition towards the importance of this work. A new consciousness of children as national assets, as pillars of society has developed. Society has begun to know that the education of the children is a social responsibility and to regard the children as the public property of the nation. All Chinese vernacular papers are giving much more attention to articles and news concerning the child welfare movement than before and are publishing their special supplements on education of children; while the large book-stores and other publishing organizations throughout the country have been engaged in the publication of books on family education. We are trying to provoke public sentiment over every maltreated child, whose case we have investigated, for the purpose of reducing cases of cruelty to children.

The growth of the activities of the Association has been materially contributed under the consistent leadership of Dr. H. H. Kung, Acting President of the Executive Yuan and concurrently Minister of Finance, who is the founder and president of the Association. Other members of the Committee are as follows: Dr. R. Y. Lo, Vice-president, member of the Legislative Yuan of the National Government; Dr. Anne Walter Fearn, Vice-president, an indefatigable social workers; Ling Kong-hou, Treasurer, General Secretary of the Shanghai Chinese Bankers' Club; J. H. Sun, Assistant Treasurer, Sub-Manager of the Sin Hua Trust & Savings Bank Ltd; H. C. Chen, Recording Secretary, Chinese Education Officer of the Shanghai Municipal Council; L. D. Cio, Associate General Secretary of the National Christian Council of China; Geo. A. Fitch, General Secretary of the Shanghai Foreign Y.M.C.A.; Mrs. Milton J. Helmick, wife of the Judge of the U. S. Court for China; Dr. Li Ting-an, Commissioner of the Bureau of Public Health; Mrs. C. S. Franklin; Miss Ting Shu-ching, General Secretary of the National Committee Y.W.C.A.; Dr. Y. S. Tsao, General Secretary of the Red Cross Society of China; Dr. Y. Y. Tsu, Professor of the St. John's University at Shanghai; Tu Yueh-sen, President of the Commercial Bank of China and General Manager of the Chung Wai Bank; J. Wadsworth, Consul of the American Consulate-General at Shanghai; Wang Shao-lai, President of the Chinese Ratepayers' Association, Shanghai; Andrew V. Wu, former General Secretary of the Association; Dr. F. C. Yen, Superintendent of the Chinese Red Cross General Hospital and S. U. Zau, former Vice-minister of Industries of the National Government and Managing Director of the Town Syndicate at Shanghai.

OLING

DISINFECTING FLUID

亞林防疫臭水

用亞林防疫臭水隨時澆洒室內外及一切不潔淨處能滅微菌消穢毒爲最澈底最可靠之防疫方法

五洲藥房發行 各處分店各紙烟店均售

INTERNATIONAL DISPENSARY

SHANGHAI

A Telephone in Your Home

SAVES MORE THAN IT COSTS

SAVES TIME ... because you are in instant touch with friends, office and school.

SAVES EFFORT ... you can shop by telephone, make appointments, book theatre seats.

SAVES ANXIETY ... you know that in an emergency you can reach help in a matter of seconds.

Your Telephone actually saves more than its own cost of less than 30 cents a day. Why be without a telephone in your home?

Call our Business Office, Telephone 94090, and order your Telephone today. Or, any of our employees will gladly take your order

SHANGHAI TELEPHONE COMPANY

M T Mag 8-35

73-499

New Planes Being Added to C.N.A.C. and Eurasia Services

A spokesman of the Ministry of Communications stated in Nanking Aug. 19 that in order to take care of increasing traffic on their Yangtsze line, the China National Airation Corporation has already ordered as "stop-gap" equipment two new Ford tri-motored airplanes and one new Douglas DC-2 transport for use on the Shanghai-Chengtu line in conjunction with the Leoning amphibians. Each plane carries 14 passengers, is radio-equipped, and the Douglas plane has a cruising speed of 180 miles an hour.

An innovation on the C.N.A.C. Yangtsze line will be the inauguration of a Shanghai-Chengtu semi-weekly express service, to be flown with the Douglas transport, and which will make the 1,200-mile trip in seven hours, with stops at Nanking, Hankow and Chungking. Another feature will be that the Yangtsze line to Hankow will for the first time be flown overland, making the route much shorter and speedier. Previously the single-motored planes followed the river for reasons of safety, but the company feels that the multi-motored planes can fly overland in complete safety.

One new Ford plane has already been shipped and is expected to arrive today aboard the *Nora Maersk*. The second Ford plane and the Douglas will be shipped shortly and will arrive Shanghai in the middle or end of September.

One of the additional incentives of C.N.A.C. in ordering the new equipment is the projected opening of the airline from Chengtu to Lhassa. The spokesman of the Chiaotungpu confirmed the fact that further C.N.A.C. rate cuts on their lines are contemplated, but that no action will be taken pending the arrival on the new planes and the extent of the forthcoming traffic. If traffic picks up to their expectations, rates can be cut and the company can still operate at a profit, the spokesman said.

Eurasia Orders Three New Junkers

The Eurasia Corporation, in answer to increasing traffic on their Canton-Peiping and Shanghai-Paotou lines, has ordered three new Junkers airliners which are expected to arrive in Shanghai late this month or early in September. One of the planes is of the Ju-160 type, costing $90,000, while the other two are of the W-34 type and cost $80,000 each.

Storm at Hankow Damages C.N.A.C. Planes

A China National Aviation Corp. amphibian, an eight-passenger Sikorsky, was overturned during a storm at Hankow in the night of Aug. 10 and rapidly sank during the night. She was discovered early the next morning underneath one of the pontoons on the Bund, and was only salvaged after several hours' work.

Two other C.N.A.C planes were damaged during the gale when one of them broke loose from its moorings, and collided with the other. The three damaged planes were shipped to Shanghai. They are being repaired at Lunghwa.

The two Loening amphibians will probably require two weeks in which to complete the repair work, and the Sikorsky—which is incidentally, the last model of this particular make owned by the C.N.A.C.—a good deal longer.

United Aircraft Official Sees Bright Future for Aviation in China

Ernest Dichman, accompanied by Mrs. Dichman, returned to Shanghai this week after a trip to Canton and Hongkong. Mr. Dichman, who is an official of the home office of the United Aircraft Corporation in Hartford, Conn., has been making an inspection tour of the Far East and will remain in Shanghai for several weeks before going back to the States.

Wiley Post and Will Rogers Killed in Alaska Plane Crash

As a result of Wiley Post's Lockhead Orion monoplane crashing to the frozen ground about 15 miles south of Point Barrow on the night of Aug. 15, he and his fellow passenger, Will Rogers, famous humorist, were instantly killed. The plane had temporarily come down owing to the engine misfiring. The accident occurred during a fog when Post was trying to take off again. The plane crashed after having risen only 50 feet. A native runner brought the news to Point Barrow, whence Sergeant Stanley E. Morgan of the United States Signal Corps and a companion went to the scene of the wreck in a whale boat. The two men brought the bodies to Point Barrow, where they were placed in the care of Dr. Otto Geist of the Government Experimental Station.

Wiley Post had intended to fly to Moscow via the Arctic regions. It was previously announced that Will Rogers would break the journey at Juneau, but evidently he had decided to accompany Post all the way. The late Mr. Rogers was undoubtedly one of America's greatest assets. He was popular everywhere, nowhere more than in China. His visit to Shanghai in 1931 was a great local event. His occupying of the U. S. Marine Church in the Carlton Theater will be long remembered. Before commencing his talk, he turned to the Chaplain and said, "You don't want to save any souls to-day so I'll just carry on."

Rogers' quaint humor, it may be added, had a high cash value. He left an estate of several million dollars.

The news of Post's death coincided with the introduction of a bill in the Senate to pay him U.S.$55,000—the nation's purchase price for the plane, *Winnie Mae*, in which he had flown round the world. The plane is to be presented to the Smithsonian Institute for its collection of historic planes.

Both the deceased were natives of Oklahama, to which state the dead bodies are being sent and where the funerals will be held.

Wiley Post made a brief stop in Shanghai on his round-the-world flight in the Summer of 1931.

Soviet Aviator Expresses Sympathy on Death of Wiley Post

Tkachey, head of the Chief Administration of Civil Aviation of the U.S.S.R., expressed condolences to United States Ambassador Bullitt on behalf of the airmen and Soviet civil aviation on the occasion of the tragic death of the flier, Wiley Post and the writer, Will Rogers.

"Flying Clipper" Returns To Pacific Coast From Midway Island

Pan-American Airways' giant "Flying Clipper" which successfully concluded its first commercial flight from Alameda, California to Midway Island, last week, has in the meantime returned to the United States.

This flight is believed to be the last of the "Flying Clipper" before the giant machine takes wings from the Pacific Coast in an attempt to blaze a new once more trade route to the Far East.

Ano Finally Lands Plane in Tokyo

Completing his solo flight half way around the world, Katsutaro Ano landed at the Haneda airdrome, Tokyo, at 2.30 p.m. Aug. 18. Ano started his flight from London on May 12, intending to cover the distance to Tokyo in 10 days. Numerous mishaps, however, delayed him. On landing at a wrong airfield in Osaka Aug. 17 Mr. Ano was threatened for a while with an order to make the last leg of his trip in a train. The officials, however, late relented.

Italian Plane Is Presented to Gen. Chiang Kai-shek at Kiukiang

The Italian plane, Savoia Marchetti S-72, a gift from Premier Mussolini to General Chiang Kai-shek, was officially presented to the Generalissimo by Col. Silvio Scaroni, the Italian pilot, at a simple ceremony held at Kiukiang on August 17, Owing to the Generalissimo's departure from Szechwan for Kuling, the plane did not fly to Chengtu as was originally planned, but hopped off for Kiukiang on Aug. 17 when General Chiang arrived at the Kiangsi port from Kuling.

Immediately after the presentation ceremony, General Chang Chun, chairman of the Hupeh provincial government, left Kiukiang for Tsingtao aboard the gift plane on a mission on behalf of the Generalissimo.

Opium Suppression Bureau at Bias Bay Looted by Pirates

A gang of pirates Aug. 14 looted the offices of the Opium Suppression Bureau in the Bias Bay area, decamping with several hundred dollars and a number of revolvers. Meanwhile, one of the members of the gang who boarded the ss. *Tungchow* last January while the vessel was on its way to Chefoo with 70 foreign children on board, was captured a few days previously. He is now awaiting trial at the Piracy Suppression Headquarters.

Korean Narcotic Dealer Re-Arrested in Shanghai

Three days after his release by the Japanese consular police, Kiko Tei, 34, a Korean, was brought back to the consulate prison Aug. 8 on a charge of narcotic peddling. He was arrested at 591 Boone Road, where Settlement police seized heroin, caffein and other drugs. Tei has confessed to having joined his brother and purchased 30 grams of heroin for $3 from a Chinese whose name he said he did not know.

Chinese Paper Says Foreign-Leased Areas Hinder Opium Drive

Foreign-leased territory is a hindrance to the drive against opium-smoking; and the refusal of the police in the International Settlement of Shanghai to prosecute opium manufacturers, dealers and addicts according to the Opium Suppression Law is a glaring instance of this fact—according to a leading article recently published in the *Society Evening News*, a local Chinese newspaper. It is pointed out in the article that the authorities of leased territory are too lenient in dealing with offenders against the Opium Suppression Law.

Who's Who in China

Quo Tai-tsing: Government official; born at Wusueh, Hupeh, 1899; after receiving his preliminary education in the Preparatory Department of Nanyang College, Shanghai, he went to America for higher education, at the same time, acting as Secretary to the Delegate of Kuomintang to the Washington Conference, 1921; held a scholarship of Nanyang Brothers' Tobacco Co. to America, and studied at the University of Pennsylvania 1921-25, graduating with B. S. degree; took graduate course in Finance, New York University, and completed the work for M. B. A. degree 1926; upon his return to China, Aug., 1926, he joined the National Government in Hankow as Secretary of the Ministry of Foreign Affairs; appointed Commissioner for Foreign Affairs for Anhwei Province in March, 1927, and in July of the same year, was appointed concurrently Superintendent of Customs and Director of the Surtax Bureau at Wuhu; during his tenure of office as Superintendent, he caused the removal of a Commissioner of Customs owing to the latter's unfaithfulness to service; attended the National Finance Conference in July, 1928; resigned from the three foregoing posts in Nov., 1928, and joined the Ministry of Foreign Affairs as member of the Treaty Commission, 1928-31; after the Tsinan Incident and in the spring 1929, he was sent to assist in the taking-over of Tsinan and concurrently advisor on Foreign Affairs to Shantung Provincial Government 1929-30; associate Director and acting Director of the Shanghai Office of the Ministry of Foreign Affairs before he came to Hankow in March, 1932, as Director of the Municipal Bureau of the Special District No. 3 of Hankow (Sino-British), Ministry of Foreign Affairs, which post he has since held; he is now also managing director of the *Hankow Herald* in Hankow; address: S. A. D. No. 3, Hankow.

郭 泰 楨
Quo Tai-tsing (Kuo Tai-tseng)

郭泰楨，湖北武穴人，年三十六歲，肄業上海南洋公學預科，繼赴美留學，以資深造。一九二一年任出席華盛頓會議中國國民黨代表秘書，同年獲得南洋烟草公司之獎學金，入本薛蕃尼大學肄業。一九二五年得理科學士位。一九二六年轉入美國紐約大學研究財政學，得商業管理科碩士。同年八月，返國任武漢國民政府外交部秘書。一九二七年三月任外交部安徽省交涉使。同年七月兼任蕪湖江海關監督，及附稅局局長。一九二八年七月出席全國經濟會議，以上三職皆于是年十一月辭去。一九二八年至三一年任外交部條約委員會委員。一九二九年至三〇年當濟南慘案發生後，被遣派赴濟南協助接收事宜，並兼任山東省政府外交顧問。一九三二年初任外交部駐滬辦事處代理處長，是年三月任外交部漢口市第三特區市政局局長，現任斯職，兼任漢口英文自由西報總經理。通信處：漢口市，第三特區，市政局。

A PHILOSOPHER ON "LIFE".

"Life," said Josh Billings, "is one darned thing after another"! Which explains just why, when you miss the "daily habit" even for twenty-four hours, you feel off-colour, headachy, liverish, bilious, crochety, depressed.

And it also is the reason why a little dose of Pinkettes, taken when going to bed, quickly sets things right. Pinkettes work while you sleep—in no unpleasant sense of course, but easily and naturally, just in good time to enable you to begin the new day feeling quite your cheery, normal self.

For the correction of intestinal sluggishness, digestive disorders, and the troubles which follow in their train, there is nothing to surpass Pinkettes. Sold by chhmists everywhere.

In the United States Court for China

HENRY WILTON HAPPELL, Plaintiff, vs. OGZILLE HAPPELL, Defendant.	Cause No. 3929 Civil No. 1851 ORDER OF PUBLICATION Filed at Shanghai, China, August 9, 1935. William T. Collins, Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, has this 9th day of August, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 9th day of August, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 9th day of August, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein since 1926, and that defendant's last known address was Care General Delivery, Oakland, California, U.S.A.

NOW, THEREFORE, it is this 9th day of August, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 31st day of August, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shangha, China,

this 9th day of August, 1935.

MILTON J. HELMICK,

Judge.

THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Premier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

Address orders to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII

Shanghai.

Men and Events

Hedley V. Cooke, Jr., Vice-Consul, formerly stationed at Shanghai, but now at the State Department at Washington, has been transferred to Moncton, New Brunswick, Canada.

W. V. Pennell, editor of the *Peking* and *Tientsin Times*, arrived in Shanghai this week from a holiday in Europe, and later proceeded to Tientsin to resume his editorial work.

A son (Georges) was born to M. and Mme Jacques Deschodt at St. Marys Hospital, Aug. 17. M. Deschodt is the manager of the *Havas* news agency service in Shanghai.

Vavil Edwardovitch Shitt-Schutt a Russian private detective, employed by Clarke's Inquiry and Protection Agency in the Glen Line Building, committed suicide by blowing his brains out Shanghai Aug. 19.

W. B. Christian, manager of the British-American Tobacco Company at Tientsin, was in Shanghai this week with his son, who sailed for the United States to resume his studies at the University of Virginia.

The International Dispensary, 231 Foochow Road, has removed its sales office to 498 Nanking Road, and the general office to No. 6-10, lane No. 351 Fokien Road, owing to the fact that the old premises are being rebuilt.

Admiral Chen Shao-kwan, Minister of Navy, suddenly tendered his resignation to the Executive Yuan Aug. 20 without announcing any reason for the action. Dr. H. H. Kung, Acting President of the Executive Yuan, rejected Admiral Chen's resignation and urged him to remain in his post.

Professor J. L. Buck, American economic observer will continue his investigation tour in Kiangsu; Chekiang, Anhwei, and Shantung provinces, according to current reports. Professor Buck is in Shanghai at present. He is preparing a report on his recent investigation in South China.

The conservancy dues on duty-free goods and re-exports—the proceeds from which are employed for the conservancy of the Whangpoo River in Shanghai—will be suspended for a period of one year upon a recommendation made by T. L. Soong, Chairman of the Board of Directors of the Whangpoo Conservancy Board.

A movement for the construction of a building to house the offices of the Japanese Residents' Corporation and the medical clinic operated by that body is afoot among leaders of the Nipponese community here, according to the *Shanghai Mainichi*. The structure is to include a large auditorium to be used for special gatherings.

Captain Hayao Oyama, the new military instructor at the Commercial School of the Shanghai Residents' Corporation, arrived in Shanghai this week. He was greeted at the wharf by Lieut.-Col. Kagesa and Major Ichida, assistant military attaches here, and officials of the Corporation. Captain Oyama was formerly attached to the Army General Staff.

A collection of 38 of "Liao Dzai" ("Tales of Old China") has been translated into German by Pung Fai-tso, Chinese lecturer at the University of Breslau, and is now on sale in Germany. An English translation of these novels had been made by the late Dr. Herbert Giles, under the title, "Strange Stories from a Chinese Studio."

Dr. Arthur Woo, head of the Woo Clinic, was cleared of all stigma in the Court at Hongkong Aug. 14, which held that there was insufficient evidence to warrant trial on a charge of wilful neglect and exposure of a patient. The charge had been brought by John S. H. Waan, Chinese secretary to the Italian Consul-General, whose 31-month-old daughter, Natalina, died recently after having been under the care of Dr. Woo.

Captain James R. McHugh, intelligence officer with the Fourth Marines, departed from Shanghai for Washington on the *s.s. President Jackson*, Aug. 20. Capt. McHugh has been assigned to the Navy School at Quantico in Washington, where he will join his wife, a daughter of Dr. Jacob Gould Sherman, former Minister to China and Ambassador to Germany.

A large congregation attended the Shanghai Community Church, Aug. 18, to hear Dr. E. W. Luccock preach his first sermon since his return from the United States, where he had been on a year's leave. Dr. Luccock chose for his text Chapter 11 of the Epistle to the Philippians, Verses 4 and 5, which read: "Don't take account only of your own interests, but the interests of other as well. Have the same attitude that Jesus Christ had."

The trial of Joseph Walden, ("Mr. X,") was commenced in the Hupeh High Court at Wuchang Aug. 21. Jen Jai-heng, Hankow lawyer, will appear in court to handle the defense, which will be carried out in accordance with the plans of Paul Premet, member of the French Bar. The latter has been in Hankow for the past two weeks, arranging the defense, and it is understood that he will not return to Shanghai until the trial has been completed.

Dr. Roscoe Pound, dean of the Harvard Law School, paid a brief visit to Shanghai, arriving here on the *President Lincoln* with Mrs. Pound Aug. 16. He continued on to Hongkong and is due back here for another brief visit Aug. 26. While here Dr. Pound was the guest of Dr. John C. H. Wu, principal of the Comparative Law School of China. Dr. Wu gave a reception in the visitor's honor at the China United Apartments.

Daniel Yoh, retired Shanghai businessman, was brought to the Country Hospital in Shanghai Aug. 17 to receive treatment for injuries sustained when his automobile plunged 300 feet down a mountainside near Hangchow the previous day. Mr. Yoh's son is in the same hospital receiving medical attention for a broken leg. The principal injury received by Mr. Hoh was a severe cut cross the head. All veins were severed, the cut extending clear to the bone. He would have bled to death except for the ministrations of an old-fashioned Chinese herb doctor.

J. G. Wray, the American telephone expert who will collaborate with British, Japanese and Chinese experts in investigating the telephone situation in Shanghai, arrived here on the *s.s. President McKinley*, Aug. 20, with Mrs. Wray. Mr. Wray, who has been an independent consulting engineer for the past 19 years, was engaged in the inquiry involving the Florida Railroad Commission at the time he was called by cable to come out here. He was also at the time on the Kentucky and the Wisconsin Public Service Commissions. Prior to 1916, Mr. Wray was the chief engineer of the Central Group of the Bell Telephone Companies. He had charge of exchanges in Wisconsin, Illinois, Michigan, Indiana and Ohia.

Japanese Shops Face Strong Chinese Competition—Hongkew Store's Losses

The various Japanese department stores in Shanghai which were inaugurated several years ago with a great flourish and which for a time did a huge volume of business, are far from prosperous at the present time. The initial advantage of a depreciated currency has in the meantime disappeared, and in a number of instances these Japanese stores are meeting with strong Chinese competition. On Avenue Joffre, a branch of a large Nanking department store has been opened right next door to the Japanese store and in many instances it is selling similar articles at even cheaper prices than the Japanese. One of the Japanese stores which has had a particularly bad year was the Nippon Commercial Union in Hongkew, which will carry over net losses of $63,231,62 will be on its books, according the half-yearly report mailed to shareholders last week. The sum represents almost 45 percent of the total paid-up capital of $67,000. The total net losses for the period were $67,127.31, but this was reduced by $3,895.69 carried over as profit from the preceding period. These losses, the report explained, were caused by a drastic revaluation of stock on hand and the inclusion of uncollectible accounts, the disbursement of operating costs for the preceding period and other miscellaneous items.

National Textile Laboratory Being Constructed Near Academia Sinica

A National Textile Laboratory is being constructed close by the buildings of the Academia Sinica in Brenan Road, Shanghai. The new unit in the Government's elaborate reserach program is being erected at a cost of approximately $100,000, not including a large expenditure for equipment, which is being imported from every large country of the world.

The laboratory is being erected under the auspices of the National Cotton Commission and the Academia Sinica, and when completed will be under the control of those two bodies. The total investment will be in the neighborhood of $400,000.

Superintendent of Shanghai Customs to Investigate Smuggling in South China

Great significance is attached in Hongkong to the visit to the South of H. O. Tong, superintendent of Shanghai Customs. In addition to making an investigation of smuggling conditions in the South for the purpose of formulating strict measures to cope with the situation, Mr. Tong is conferring with the Kwangtung leaders regarding the issuance of Reconstruction Bonds to the value of $5,000,000 and the borrowing of foreign capital to complete the Steel Plant in Canton. Mr. Tong, who is representing Dr. H. H. Kung, Minister of Finance on this visit, will stay in Canton for about ten days.

Japan-China Radiophone Initial Tests Completed at Chenju

Successful completion of initial radiophone tests between the Chenju Radio Station, near Shanghai, and the Nazaki and Komuro stations of the Nippon Wireless Telephone Company, near Tokyo, were made this week. In noting this fact the *Shanghai Mainichi* doubted whether service will be opened to the public this year, as the Chenju station lacks equipment and its operators have not yet the requisite skill.

Britain Proposes Naval Conference in November

Great Britain recently sent formal notes to the United States, Japan, France and Italy proposing and informal naval conference in October. The reason for the informal conversations is to pave the way for a formal conference later, according to reports foim London. The notes said that Great Britain was anxious to hasten preparations for a naval conference as she has hopes of concluding seperate conferences with France, Italy and Russia early in October. After which Great Britain hopes it will be possible to broaden the agreements to a multilateral basis. It is reported that Great Britain thinks the United States is duty bound to convoke the forma conference, but all of the powers regard London as the most favorable spot for such a conclave.

A Tokyo Foreign Office spokesman Aug 17 commented that such communications as the Japanese Government had h therto received from Great Britain were not in the form of an invitation. He denied the reports in the Japanese press that Japan was suspicious of Britain's motives and might, therefore, decline to participate in multilateral naval talks. Britain, he said, was acting in accordance with the policy agreed at the termination of the three-Power discussions last December.

The Tokyo *Asahi* Sept. 17 stated that Japan's naval policy was fully explained to both Great Britain and the United States during the last London naval talks, and that Japan persists in the contention that a substantial naval parity and a common upper limit should be established for the naval powers.

President of Reichsbank Warns Against Persecution of Jews

The most serious warning about Germany's financial problems since Herr Hitler came into power in January, 1933, was uttered Aug. 18, by Dr. Schacht, president of the Reichsbank and acting-minister for economic affairs in a speech at Koenigsberg. Dr. Schacht delivered a bitter attack against Nazi extremists who sought to solve the economic ills of the country with "fancy remedies" and those who aggravated those ills by causing disturbances against the churches and Jews. Many parts of the version of the speech issued by the Reichsbank are omitted from the German news agency's account, especially those criticizing extremists. The Reich authorities refused to broadcast the speech.

"Germany," said Dr. Schacht, "is in the midst of one of the greatest tasks in history ever given her. The question of carrying out these tasks, which include rearmament, makes me rack my brain considerably.

"To pass over present difficulties with cheap tirades is not only senseless but damnably dangerous. The whole world is in distress and difficulty, and it is ridiculous to assume that we are an exception. On the contrary, out task is considerably more arduous. Our leader's policy will only succeed if the nation stands behind him with unanimous concentration and will power."

"If the financial carrying through of the task proves impossible." Dr. Schacht continued, "I shall hold responsible all who act without discipline."

Japanese Advised Not to Pay Chinese Taxes

Japanese residents of Chinese areas in the northern district need not pay the taxes they have been assessed by the Finance Bureau of the Greater Shanghai City Government, the Japanese Consulate-General announced Aug. 20. This attitude was based on the ground that the Chinese authorities had not yet secured the understanding of the consular officials. According to the newspapers, the tax bills asked for payment between July 1 and July 31, and said that a 2 per cent fine would be imposed in case of default.

The rates were 12 per cent of the rentals paid on residences and 14 per cent of those on factories and shops.

MOSQUITOES AND MALARIA.

Like many other evil-doers, the malarial mosquito keeps under cover during the day and sets out upon her wicked work after sunset. Then she proceeds to inject a few malarial germs into each person she bites, and unless the blood of her victim is pure enough, and strong enough, to destroy these germs, they rapidly multiply, and an attack of malaria is the result.

What then is your surest method of defence? Obviously it is in keeping your blood stream rich and red and good. This can best be done with the aid of Dr. Williams' Pink Pills, because these pills rapidly increase both red corpuscles and iron in the blood, and thus are an extraordinarily fine blood tonic and blood builder.

Also as malaria causes anaemia, for which Dr. Williams' Pink Pills are the world's most renowned remedy, they are splendid after attacks of malaria or other fevers, or in convalescence after serious illness, to rebuild strength and restore health. Chemists everywhere sell them.

In the United States Court for China

EMOLYN ELDIVA HARGRAVE, Plaintiff, vs. GLENN MORTIMER HARGRAVE, Defendant.	Cause No. 3935 Civil No. 1857 ORDER Filed at Shanghai, China, This 17 day of August, 1935. William T. Collins, Clerk.

The object of this suit is an action for divorce.

WHEREAS, Plaintiff herein, by her attorneys, has this 17th day of August, 1935, made application for the substitution of publication for personal service upon the Defendant herein; and

WHEREAS, it appears from the files in this case that on the 19th day of August, 1935, the summons for Defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 17th day of August, 1935, the Plaintiff herein filed an affidavit to the effect that the Defendant does not now reside in China nor has he resided therein since June, 1933, and that Defendant's last known address was Birthright, Texas.

NOW, THEREFORE, it is this 19th day of August, 1935, ORDERED that service upon the Defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, Shanghai, China, a paper of general circulation most likely to reach the Defendant.

IT IS FURTHER ORDERED that the Defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 7th day of September, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

This 19th day of August, 1935.

MILTON J. HELMICK,
Judge.

JAPAN

AND THE CRISIS OF 1935-1936

An exhaustive, 22-page treatise on conditions now prevailing in Japan and an analysis of Japan's present relations with China and other countries. It covers trade, finance, politics and armament.

Which Way Will the Japanese Cat Jump Next?

50-cts. a copy, including postage.

THE CHINA WEEKLY REVIEW
160 Ave. Edward VII.
Shanghai.

New Books of Interest in the Far East

Experts State the Foreign Policy of the World's Great Powers

Soviet Journey, by Louis Fischer. Published by Harrison Smith and Robert Haas, New York, 1935. *U.S.*$2.50.

If any reader is desirous of acquiring an understanding of what has happened, and what is happening today, in the vast land of the Soviets, he is advised by this reviewer that Louis Fischer's latest book will afford him but the scantest aid.

"Soviet Journey" can be described as an interesting book, bearing the imprint of honesty. Yet it is singularly uninformative. Considering the length of time which the author has spent in Soviet Russia, and the fact that he has a command of the Russian language, this reviewer expected something much better.

True, the author writes only of what he has himself "seen and heard," as he informs us in his introduction. With what he has "seen and heard" he manages to fill more than 300 pages. But one looks in vain for any attempt at a scientific explanation of what he has "seen and heard." Such explanations as he attempts in regard to facts illustrative of Soviet policies, for example, turn out to be simply lame repetitions of Kremlin apologia.

Thus we read on page 294: "Though we scarcely notice it, the world is witnessing a gigantic competition between its two parts: the socialist and the capitalist parts. Whichever asserts its economic supremacy will also win the political struggle. Granted that the economic situation of the capitalist world improves so appreciably as to flatten the crisis into a depression. If, by the time the next crisis arrives, the Soviet Union will have become a prosperous, happy nation—it is not that now—the moral will be a devastating one for the bourgeoisie. This is Red Russia's real challenge to capitalism. Not Communist parties and the Third International, but this."

As if moral considerations determined the course of political development! While this reviewer agrees that the Communist parties and the Third International have ceased being a challenge to capitalism, that, in fact, they have for quite some time objectively aided in the perpetuation of the capitalist system by their strange antics, he cannot agree that the successes of Russia's planned economy are any substitute for an organized and properly guided revolutionary movement in the capitalist world. Those who hold to such a theory have left the firm ground of materialism and fallen victim to that idealistic fatalism so repugnant to the Marxist. This is not surprising in Louis Fischer any more than it is in Stalin. Theoretical understanding has never been a strong point with the Kremlin dictator and one does not look for it in his disciples.

Despite its superficiality, Fischer's book does give, in its empirical fashion, some illuminating snapshots of contemporary life in Soviet Russia. Often these are devastatingly critical of the Kremlin's economic policies.

He comments, for instance on the expenditure of tens of millions on the superfluous Palace of the Soviets in Moscow while there are insufficient schools for children. So acute is the shortage of school accomodation, that the schools have to be run in two shifts: "Nine p.m. The streets are dark. A penetrating chill fills the air. Children are coming home from school. They are weary and pale. They drag their legs and bend under their school bags. They are the older children who have just finished the second shift."

The author admits that the Soviet government blundered when it decided to build the Palace of the Soviets, wanted by nobody. It is by such white elephants, however, that the Kremlin thinks it is impressing the bourgeois world. But having blundered, it was unable to reverse itself. Why? Because a reversal would impair the notion of the infallibility of the head of the government, Stalin himself. As Fischer aptly remarks: "To desist requires greater strength, in this case, than to proceed."

Since the death of Lenin, Fischer testifies, "a strikingly un-Bolshevik code of infallibility has been introduced. Yet the little fellow (that is to say, everyone below Stalin—T. P. C.) is expected to appear regularly in the nude and make a public statement of his weaknesses, faults and mistakes."

The trade unions in Russia, we learn, are virtually *non est* and the workers have no organized means by which to secure protection of their rights or redress of their grievances. "The supineness of the trade unions makes life much easier for the Soviet industrialist. It also enables government officials, engineers, and other strategically situated groups to take the best apartments, to take a more than proportional share of sanatorium accommodations, etc."

On liberty of speech, Mr. Fischer records a conversation he had with a Soviet editor. "You criticize the misdeeds of this official or that official," he told the latter, "but does your criticism ever touch fundamentals? I do not mean fundamentals of principle. But weaknesses of the system. The absence of an opposition leads you into many errors. The moment a person lifts his voice against a holy decision of the party, against one of its time-honored practises, he is branded as a counter-revolutionary and removed from the scene. This code of infallibility is disastrous. Don't I know that many devoted Communists say in private what they would never dare to say in public. Such dishonesty is self-destructive."

The worthy editor, Mr. Fischer records, just yawned and said: "Oh, you are the typical intellectual." Which is just the kind of reply one would expect from a smug, complacent, well-fed cog in a bureaucratic machine.

From the following passage the reader will be able to form an estimate of the reliability of the extravagant claims made in regard to the "fulfillment of the Five Year Plan" and Soviet economy generally: "Planning is one of the virtues of Sovietism. But the necessity of fulfilling the Plan is one of its worst curses. The official has one God: Plan Fulfillment. Costs do not matter. Suffering is not counted. The Plan's the thing. The official must be able to report to Moscow or Rostov or Kiev that he has carried out the Plan. How he carried it out, whether national economy will benefit, whether quality has not been sacrificed to quantity, whether part of the grain delivered to the state will not have to be returned to the peasants for next year's seed—all this does not matter. He needs paper results—because headquarters demand a telegram in which he announces those paper results. Officials frequently act against their better judgment. But what can they do when the Plan seizes them by the shoulder and points a cold, implacable finger towards the eternal goal—Fulfillment .... Moscow, for the best reasons, is insisting on Fall fallow planting. This measure increases the yield per hectare. There are regions, however, where soil and climatic conditions make Fall fallow planting injurious. Yet some officials are afraid not to obey universal instructions."

Despite the false policies pursued by the leaders, which flow from an ignorance of theory; despite vast and painful economic blunders, traceable to an almost childish complex of "gigantism" (as the Russians call it) which leads to destructive attempts to ignore real, objective difficulties and to plan without regard for the actual material requisities for fulfillment, Mr. Fischer's book delineates an amazing progress in Soviet Russia, materially and in other respects. The country still has far to go before real material well-being is reached. Great progress has been made, however, thanks to the possibilities which the revolution of 1917 opened up, and the principles of planned economy, however faultily these have been applied. This progress has been achieved, it is plain, not because of the present Soviet leaders, but in spite of them.

T. P. CHENG.

A Novel of Conflict and Tunnels

East River, by Borden Chase. Thomas Y. Crowell Co., New York. U. S. $2.00.

The publishers have called it a "smashing novel of river-tunneling conflict." Probably *smashing* novels cannot be expected to have literary merit. This has little. But it has lots of conflict, and there is little doubt that the author knew his tunnels. It is a story of crude men rather crudely told, but there is plenty of action, which no doubt made it good material for the movies and so it was filmed under the title of "Under Pressure."

The characterizations are hardly definite enough. The two men who fight each other throughout the book, but who would fight the world or the river for each other, talk alike and confuse the reader. For a long time this reviewer thought Mulroy was "Shocker's" real name, though at last he is seen as a very different personality. Part of this might be attributed to careless or hasty reading, but one's principal characters should be so defined at their introduction that one need not turn back the pages to discover which one this is. The editing is bad, beginning with a sentence like: "And ever since then I've been keeping a Hog Hole in some part of the world wherever he went, I went", and on to "laughed" for "laugh" (Page140) and the substitution of a dash for another hyphen on page 138. I would put the responsibility on the publishers for careless proof-reading rather than on the author, though if the manuscript has too many mistakes some of them are bound to get by. On page 203 "the" is duplicated and "grease" is spelled as "greese", neither gravy nor country.

However, in spite of the fact that it is carelessly written, and that the technique of all fights is the same (lay the other fellow's head open with a wrench or anything at hand, so long as you embrance him when he comes to), it is a rattling good tale which moves right along and opens up a new world to the reader, that world in the tunnel (and above it in the Hog Hole) where the men known as "sand-hogs" work and fight and drink and love in their own rough but courageous way. The following is a fair bit to give you an idea of Amy, the best-portrayed character in the book. After many years of outward hardness running the Hog Hole, but masking a lot of loyalty and tenderness for the roughest of the "sandhogs", she is to be married to Jumbo because he is paralyzed and needs her more than the others. In the bar-room she says:

"Now sweep up good, Limey, and open the windows, And put on a clean apron. You got to be spotless. And you say,

'Yes, your reverence', or 'no, your reverence', when the minister comes. And give him the best stuff in the house. Some don't drink, but you'd be surprised. Give him a good big slug if he tips his mitt. And give the dames a cocktail on the house. There'll be two of them. The witnesses. If they come in the next few minutes, keep 'em amused. Give'em a pack of cards. They might want to play solitary. How do I know? I got to get things straightened out. The settin' room's a sight and I ain't dresssed....

She bore the dress, and a yard or so of tulle, into her bedroom. She kicked two card board boxes under the couch, threw another one behind Jumbo's old-fashioned trunk, and got a broom from the kitchen. She herded pins, and bits of thread and crumpled tissue paper, and torn yellow patterns, and remnants of silk and tulle, drove them through the short corridor between living room and kitchen, and left them in a corner, covered by a dust pan. She settled the cloud of dust she had caused, sprinkling water on carpet and floor and chair seats and legs, gathered up the travel pamphlets and chucked them into the drawer of a ward-robe trunk, closed the sewing machine and wheeled it against the wall, straightened the rug, hastily wiped the table top of dust, shoved the chairs closer under the table, and hurried down the stairs to Jumbo."

But of how Jumbo had gottn down into the mud in his wedding suit to help a little neighbor boy build a play tunnel, had thrown the muck out onto her roses, and had then gone down in the cage to the real tunnel, game leg and all, for the "holing-through", forgetting his wedding, of all this you must read for yourself.

G. T. F.

Newly Established "Tien Hsia Monthly" Well Received in Both Foreign and Chinese Circles

The *Tien Hsia Monthly* is the name of a new magazine published in Shanghai under the direction of the following board of directors; John C. H. Wu, managing editor; T. K. Chuan, Lin Yu-tang, and Wen Yuan-ning, editor-in-chief. The more than one hundred pages are replete with valuable and interesting material, mostly on Chinese topics, a notable exception being, "The Unpublished Letters of D. H. Lawrence to Max Mohr." The new publication has been very will received in both Chinese and foreign circles—as it well deserves to be. It measures up well to the following ideals contained in an editorial comment in the first issue:

"We are interested in ideas and not in anything else. Our field is at the same time wide and restricted. It is wide, because it includes all subjects under the sun. It is restricted, because it deals with everything only from the point of view of ideas. For instance, when we write on politics, we shall only concern ourselves with political ideas, and not with the shifts and changes of party politics. Economics will come within our range too, but only in so far as it is a matter of first principles: we shall leave severely alone all the accidents incidental to the present struggle between capital and labor. Literature, Art, Philosophy and all that pertain to the countries of the mind, these shall claim most of our attention. Our intention, however, is not primarily literary, philosophical or aesthetic. Perhaps the best we can do to define our attitude is to say that it is cultural—in the sense Goethe uses the word. As such, we have the universe for our study and our delight. So they be human, nothing is too small or too big for us to consider. In the words of Dr. Sun Fo, the only thing we shall rule out will be current political controversies and purely personal references."

CHILDREN AND FRUIT

Children so like fruit that they seldom stop to think whether it is in a fit condition to eat. Unripe or over-ripe, damaged, fly-blown, or unclean fruit is dangerous and may cause serious stomach trouble, diarrhoea, worms, or even cholera.

In the event of your child having eaten fruit the condition of which you have reason to doubt, you will be well advised to give him a dose of Baby's Own Tablets.

These pleasant tasting tablets cleanse the stomach and bowels, quickly removing anything which may be the source of trouble. They correct diarrhoea, relieve colic, expel worms, and are an all-round health safe-guard for young children. They dispel constipation, allay croup and colds and are of great help in easing the pains of teething. The prescription of a medical child-specialist, the tablets are as safe for infants in arms as for older children. Chemists everywhere sell

BABY'S OWN TABLETS.

T'IEN HSIA MONTHLY

A Journal devoted to bring about a better cultural understanding between China and the West

Published under the auspices of the Sun Yat-sen Institute for the Advancement of Cluture and Education, Nanking.

BOARD OF EDITORS

JOHN C. H. WU *Managing Editor* T. K. CHUAN

WEN YUAN-NING *Editor-in-Chief* LIN YUTANG

Vol. I. No. 1. August 1935

CONTENTS

	PAGE
FOREWORD *By* SUN FO, President of the Legislative Yuan	3
EDITORIAL COMMENTARY	6
THE REAL CONFUCIUS *By* JOHN C. H. WU	11
THE UNPUBLISHED LETTERS OF D. H. LAWRENCE TO MAX MOHR	21
TRAGEDY IN OLD CHINESE DRAMA *By* CH'IEN CHUNG-SHU	37
ON THE WICKEDNESS OF BEING NOMADS *By* OWEN LATTIMORE	47
RACIAL TRAITS IN CHINESE PAINTING *By* WEN YUAN-NING	63
TRANSLATIONS	
TWO MODERN CHINESE POEMS . . Translated *By* HAROLD ACTON and CHEN SHIH-HSIANG	70
SIX CHAPTER OF A FLOATING LIFE . . A Novel *By* SHEN FU Chapter I: Translated *By* LIN YUTANG	72
BOOK REVIEWS	
CHINA MAGNIFICENT *By* DAGNY CARTER	102
LADY PRECIOUS STREAM . . English translation *By* S. I. HSIUNG	106

SUBSCRIPTION

(Payable in advance)

Domestic: $9.00 Mex. per annum or $1.00 per copy
American: Gold $6.00 per annum or 70 cents per copy
England and other Countries: 30/—per annum or 3/6 per copy
Postage free

All subscriptions to be sent to:

MESSRS. KELLY & WALSH, LTD.,

22 NANKING ROAD, SHANGHAI.

JUST PUBLISHED

The Most Comprehensive Survey Yet Compiled of Reconstructional Progress in Modern China

Reconstruction in China

EDITED BY T'ANG LEANG-LI

CONTENTS

CHAP.
I—POLITICAL REHABILITATION.
II—AIMS AND MACHINERY OF RECONSTRUCTION.
III—INDUSTRIALIZATION.
IV—EDUCATIONAL REFORM.
V—ATHLETIC PROGRESS.
VI—PUBLIC HEALTH AND SOCIAL RELIEF.
VII—CULTURAL RECONSTRUCTION.
VIII—THE LAW AND ITS ENFORCEMENT.
IX—THE BANKING SYSTEM.
X—RAILWAY DEVELOPMENT.
XI—ROAD CONSTRUCTION.
XII—COMMERCIAL AVIATION.
XIII—MERCANTILE MARINE.
XIV—POSTS, TELEGRAPHS, TELEPHONES.
XV—RURAL REHABILITATION.
XVI—TOWN-PLANNING AND MUNICIPAL DEVELOPMENT.
XVII—NATIONAL DEFENCE.
XVIII—MISCELLANEOUS PROGRESS.

Royal 8vo.—440 pages—Cloth Cover

With 130 pages of Half-Tone Illustrations and 3 Maps

Price: In China $15 (postage 50 cents)

Abroad G.$10 (post free)

Orders received at:

The China Weekly Review Office

Publishers:

CHINA UNITED PRESS

299 SZECHUEN ROAD, SHANGHAI

Julean Arnold Addresses Rotary Club on China's Foreign Trade

The following are extracts from an address delivered before the Shanghai Rotary Club Aug. 15 by Julean Arnold, American Commercial Attache, on the subject of "How Can China's Foreign Trade Be Advanced?"

"For centuries, China's teas, silks, nankeens, camphor, and many of the products of its handicraft artisans were without competition in the markets of the outside world. Gradually, however, the secrets of the unique products of old Cathay were acquired by other peoples, so that by the end of the nineteenth century, we find China no longer supreme as a source of supply for a number of commodities which for countless ages were not to be found elsewhere. For instance. British, Netherlands and Japanese traders have robbed China of its supremacy in the production of tea. The Japanese have within quite recent decades deprived China of the greater portion of its export trade in silk: hence, these two products, which constituted the vast bulk of China's exports for many decades, have, since the beginning of the twentieth century, been relegated to a comparatively unimportant place its foreign commerce.

"Several decades ago the American paint and varnish manufacturers were introduced to the use of tungoil as a superior substitute for linseed oil, especially in the manufacture of varnishes. The discovery of the possibilities of the use of tungoil in the varnish industry of the Occident cannot be credited to the enterprise of the Chinese spite of the fact that they had been using it in their country for countless ages, but rather to that of foreign traders in China. About ten or twelve years ago, when political conditions in the upper Yangtsze region were disturbed, the American manufacturers became alarmed over the prospects of a shortage of supplies. Speculators in China soon sensed this state of affairs and boosted prices. Within a few months time, prices at Hankow shot up from taels 16 to taels 42 per picul. Export duties, internal tax impositions, adulterations, irregularities in transportation charges, manipulation by middlemen responsible for assembling purchases, and fluctuations in silver exchange had all contributed from time to time in varying degrees to instability in export prices, but in no wise comparable with these sudden boosts of the Chinese speculators.

"Under these circumstances, what could the American consumers, now threatened with the disruption of an industry dependent upon China for its supplies of tungoil do in order to conserve its future? As a last resort they incorporated the American Tung Oil Corporation, purchased 1,200 area of land in Gainesville, Florida, and set out to demonstrate their ability to produce tungoil in the United States.

"China has given chinaware to the world, but how inconsequential is its position to-day in the world of ceramics! It is to-day importing more China than it is exporting, yet the demands for Chinese chinaware of good quality are greater than the supplies. It is true, attempts are being made in several places in this country to revive the ceramic industries, but these are isolated, and not, in any sense, commensurate with the opportunities presented.

"If foreign capital is to be attracted to China in manufacturing enterprises, discriminations against the products of foreign plants must be removed. At present the products of most foreign factories are not accorded the so-called preferential factory treatment in exemption from coastwise duties, when those products are shipped into the interior. Furthermore, the products of those plants should be protected against imitations of the foreign factory products, which aim to make inferior articles, in imitation of the foreign factory products, with the idea of underselling them in the market, and, in this manner, cash in with an inferior product on the more enterprising methods of marketing, advertising, and salesmanship which characterize the foreign factories. Thus, if China would tackle the problem of advancing its foreign commerce it must begin by setting its domestic trade house in order."

Paramount Films Refuse to Pay Censorship Fees at Canton—Are Banned

The Canton Cinema Censors Board has decided to refuse in future to examine Paramount pictures, which are distributed in China by Paramount Films of China, Inc. and as a result Paramount films will not exhibited in Canton. This action has been taken on the ground that Paramount films of China refuses to pay the censorship fee demanded by the local authorities. The company points out that a censorship fee—which only recently was doubled—already is paid to the Censorship Board at Nanking.

Japanese to Build Medical College in Foochow

The Governor of Formosa is making arrangements for the construction of a Medical College in Foochow, according to Japanese reports. The new college will cost $1,600,000.

Mayor Wu Te-chen Gives Advice to Students About to Go Abroad

The following are extracts from the address made by Mayor Wu Te-chen at the farewell reception given by Chinese civic organizations Aug. 17 to the students leaving shortly for America:—

"It is really needless for me to impress upon your mind the fact that China is at present in a state of tribulation and trial. Our need, our most urgent and immediate need, is a way to conquer our difficulties, to consolidate our country, and to re-vitalize our race. I wish to repeat to you what I said the other day that we are still in the period of 'building and cooking,' not 'eating and enjoying.' It is a time in which we must struggle and be ready to bear burdens and suffer hardships. You are therefore on a mission, the mission to secure, by painstaking endeavor and persistent hard work, positive and practicable scientific knowledge and practice, which will assist in laying a firm foundation for our country.

"When a student leaves his fatherland for a foreign country, he is usually filled with lofty ideas and a very high ambition. The glitter and glare of western life and society, however, often prove to be a serious stumbling block to him. Before very long he becomes accustomed to the life of ease and pleasure, and his original purpose and ambition unwittingly falter. In other words, he becomes a waster instead of a producer. If we allow ourselves to be blinded by the glitter of the West and fail to ascertain the factors which have made its present prosperity and achievement possible, namely, the long period of difficult pioneering and arduous upbuilding, backed by the force and spirit of the people high and low, then there is no hope of our ever making any substantial or useful contribution toward our national reconstruction or toward the advancement of the Chinese race."

Chinese Student to Be Deported from United States

The immediate deportation of C. P. Chang, 32-year-old resident of Shanghai and graduate student of the University of Michigan, was ordered by the District Court in Ann Arbor, Mich., Aug. 13. The deportation order was issued after moral charges against Chang were dismissed. The case was dropped when parents of a young girl involved in the complaint refused to allow her to testify.

U. S. Agricultural Administrator Promises Strong Protection for U. S. Cotton Farmers

Chester C. Davis, Agricultural Adjustment Administrator, in an address in Stoneville, Miss., Aug. 16, stated that the United States will abandon all cotton exports rather than force American farmers to go into open competition with Brazilian peons or Sudanese shieks.

Vice President Garner and Other Leading Americans to Visit Philippines

Approximately 100 members of the U. S. Congress, with their wives, and a party of newspapermen, are planning to attend the inauguration of the Philippine Commonwealth in November. The majority of the delegation, including Vice-President Garner, and Joseph Byrnes, Speaker of the House of Representatives, are planning to depart from Seattle on the s.s. *President Grant* on October 16.

Ford Exposition Reproduces Summer Palace Road at San Diego Exposition

The stone paved road over which the Manchu Imperial family of China was wont to travel between the capital at Peking and the Summer Palaces eight miles away was built more than 200 years ago and is today still in fair condition, although the great slabs have become rather too uneven for modern wheeled vehicle. A section of this ancient royal road is reproduced in the "Roads of the Pacific" in the Ford Exposition at the California Pacific International Exposition, San Diego.

Tokyo Envoy to Attend Manila Celebrations —Dr. C. T. Wang Will Represent China

Either Prince Fumimaro Konoye, president of the House of Peers, or Marquis Yoshichioa Tokugawa, President of the Japan-Philippine Association, will represent Japan at the inauguration of the first President of the Philippines in Manila on Nov. 15. The invitation to send a representative to Manila was received by the Japanese Government recently through the United States Government. China will be represented by Dr. C. T. Wang, former Minister for Foreign Affairs.